COUNCIL RESOLUTION 2014-03-27 BESLUIT RAAD

Reference No 87063/1
Mayur Maganlal (0798)
COUNCIL: 27 March 2014

17. CITY STRATEGIES AND PERFORMANCE MANAGEMENT DEPARTMENT
CITY OF TSHWANE ANNUAL REPORT FINANCIAL YEAR 2012/13
(From the Mayoral Committee Cluster: Governance: 12 March 2014 and the Mayoral Committee: 20 March 2014)

1. PURPOSE

The purpose of the report is to:

1. Report to Council on the results of the written public comments period on the City of Tshwane Annual Report for FY 2012/13
2. Seek Council approval of the City of Tshwane Annual Report for FY 2012/13.

2. STRATEGIC OBJECTIVES

This report addresses the following strategic objective as per the approved IDP 2013/14.

3. BACKGROUND

The Municipal Finance Management Act 56 of 2003 (MFMA) and the Municipal Systems Act 32 of 2000 (MSA) determine requirements for municipal annual reports. Section 121 of the MFMA requires each municipality to prepare an annual report each year. Section 127(2) of the MFMA requires the mayor of a municipality to table the annual report to Council no later than 7 months after the end of a financial year. Section 127 (5) of the MFMA requires the accounting officer to immediately after the annual report has been tabled at Council make public the annual report to the public for public comments, and to submit the annual report to the Auditor General, the provincial treasury and the relevant provincial department responsible for local government.

Council approved a process plan for the compilation of the Annual Report 2012/13 in June 2013. The draft Annual Report for the City of Tshwane for FY 2012/13 was tabled in Council in January 2014 after the following key legislated processes had been completed in relation to the approved process plan:

1. The annual performance report for the parent municipality had been submitted to the Auditor General in August 2013
2. The financial statements for the parent municipality had been submitted to the Auditor General in August 2013
3. The annual reports and financial statements of the municipalities had been submitted to the Auditor General in August 2013.
4. The consolidated financial statements had been submitted to the Auditor General in September 2013.
5. The Auditor General audited the documents submitted in points 1 to 4 above
6. The Auditor General submitted the final audit report on 13 December 2013.

Council resolved in January 2013 "that written public comment be sought during February 2014 as per the approved process plan, on the tabled draft Annual Report." The annual report process plan as approved by Council in June 2013 had indicated that the closing date for written public comments would be the 28 February 2014.

This report provides feedback on the results of the requested public comments period.

4. DISCUSSION

Notice to the public

Councils resolutions on the draft Annual Report FY 2012/13 were placed on the City of Tshwane website on 5 February 2014, together with all supporting documents that served at Council, namely the draft Annual Report, the Annual Financial Statements and the Annual Reports of the Municipal Entities. Newspaper notices were placed on 6 February 2014 notifying the public of Councils resolutions on the draft Annual Report and the public comments period. Samples of the notices may be viewed in the annexure to this report.

Availability of documents

The draft Annual Report and Annual Financial Statements were printed and made available to customer care centres and to all Tshwane libraries, with the assistance of the Regional Offices, for the public to view. Members of the public could also view the documents on the City of Tshwane website.

Public feedback on the draft Annual Report FY 2012/13

No written comments were received from the public on the publicised annual report.

Content changes to the Annual Report

The draft Annual Report contained in the annexure to this report has changed only in regard to minor changes to the AFS that were raised by the AG. The AFS signed-off by the AG in February 2014 is attached.

5. COMMENTS OF THE STAKEHOLDER DEPARTMENTS

5.1 COMMENTS OF THE CHIEF FINANCIAL OFFICER

Cognisance is taken of the contents of the report.

The purpose of this report is to report to council on the results of the written public comments period on the City of Tshwane's annual report for 2012/13 financial year and to seek council approval for the City of Tshwane's annual report for the 2012/13. financial year.

It is indicated in the report that once the annual report is approved, it will be printed and that funds for printing will be utilised against Cost Centre 1016, Cost Element 411702 (Printing).

The following amount is available (on 05 March 2014) in the 2013/14 Medium-Term Revenue and Expenditure Framework, which can be utilised:

Cost Centre	Cost Element	2013/14 (R)
1016	411702 (Printing)	990 440

All expenditure incurred must be managed within the approved 2013/14 Medium-Term Revenue and Expenditure Framework.

5.2 COMMENTS OF THE GROUP LEGAL COUNSEL

This report on the City of Tshwane's Annual Report FY 2012/13 is a requirement in terms of Performance Management Policy and Procedure developed by the City of Tshwane, dated 28 August 2008, which policy was established in terms of Regulation 13 of the Performance Management Regulations, 2001 published under the Municipal Systems Act, 2000 (Act 32 of 2000). The purpose of the report is, as required by the policy, to assist in monitoring, aimed at providing Managers, decision makers and other stakeholders with a regular feedback on the progress made with implementation so that corrective measures may be put into place, where necessary.

Chapter 6 (See sections 38 – 49), of the *Local Government Municipal Systems Act, 2000 (Act 32 of 2000),* read together with *the Local Government: Municipal Planning and Performance Regulations published under GN R 796 in Gov. Gaz. 22605 of 24 August 2001,* as amended provides for measures on performance management.

More specifically *Section 41(1)* of the said *Act, 2000*. The said section inter alia provides as follows:

> *"(1) A municipality must in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed-*
>
> > *(a) set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its integrated development plan;*
> >
> > *(b) set measurable performance targets with regard to each of those development priorities and objectives;*
> >
> > *(c) with regard to each of those development priorities and objectives and against the key performance indicators and targets set in terms of paragraphs (a) and (b)-*

(i) monitor performance; and

(ii) measure and review performance at least once per year;

(d) take steps to improve performance with regard to those development priorities and objectives where performance targets are not met; and

(e) establish a process of regular reporting to-

(i) the council, other political structures, political office bearers and staff of the municipality; and

(ii) the public and appropriate organs of state."

In addition hereto Section 78 of the MFMA, 2003 provides as follows:

78 Senior managers and other officials of municipalities

(1) Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure-

(a) that the system of financial management and internal control established for the municipality is carried out diligently;

(b) that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently;

(c) that any unauthorised, irregular or fruitless and wasteful expenditure and any other losses are prevented;

(d) that all revenue due to the municipality is collected;

(e) that the assets and liabilities of the municipality are managed effectively and that assets are safeguarded and maintained to the extent necessary;

(f) that all information required by the accounting officer for compliance with the provisions of this Act is timeously submitted to the accounting officer; and

(g) that the provisions of this Act, to the extent applicable to that senior manager or official, including any delegations in terms of section 79, are complied with.

(2) A senior manager or such official must perform the functions referred to in subsection (1) subject to the directions of the accounting officer of the municipality.

In addition hereto Section 11 of the Budget Policy, of which approved on 31 May 2013 provides as follows:

11. BUDGET MONITORING AND REVIEW

11.1.1 Monitoring Performance

11.1.1.1 It is important to monitor and review the actual and planned revenue received and expenditure incurred to ensure accountability, transparency and control in the financial affairs of all departments/votes in the City of Tshwane.

11.1.1.2 The public have a right to know what money is being spent on, and what decisions their elected representatives make on their behalf. It is only with this knowledge that elected officials can be held accountable for their budget planning, allocations and implementation.

11.1.1.3 Monitoring budgets is also conducive to better decision–making. It provides a forum for purposeful and concrete engagement between the executive, the legislatures and civil society around critical choices and outcomes.

11.1.1.4 In the City of Tshwane the approved budget is categorised into Operating and Capital budgets and therefore the monitoring thereof will be done accordingly.

However in terms of Chapter 12 Local Government: Municipal Finance Management Act 56 of 2003(MFMA) deals with financial reporting and auditing. Section 121 of the Municipal Finance Management Act requires that each municipality to prepare an annual report. Such a report should be tabled to Council no later than seven (7) months after the end of the financial year by the mayor. Section 127(5) of the MFMA requires the Accounting Officer to immediately after the annual report has been tabled at the Council, make public the annual report for public comments, and to submit the annual report to the Auditor General, the Provincial treasury and the provincial department.

It is further stipulated in the provision of Section 21(A) of the Local Government: Municipal Systems Act 32 of 2000 that all documents that must be made public by a municipality in terms of the Municipal Finance Management Act or other applicable legislation, must be conveyed to the local community by notifying the local community and invite the local community to submit written comments or representations to the municipality in respect of the said documents. This report also encapsulates feedback on those public comments.

It is further submitted that the report complies with Section 129(1) of the Local Government: Municipal Finance Management Act which enjoins the Municipal Council to consider the annual report of the Municipality and its Municipal Entities under its sole or shared control by no later than two months from the date on which the annual report was tabled in the Municipal Council.in terms of Section 127 of the Local Government: Municipal Finance Management Act.

This oversight report must be adopted with the Municipal Council's comments on the annual report and it must include a statement whether the Municipal Council has approved the annual report with or without reservations or whether the Muncipal Council has rejected the annual report or whether the Municipal Council has referred the annual report back for revision of those components that can be revised.

The report is further in line with the Batho Pele Blue Print approved by Council on 26 November 2009. The call on this report is setting up of service standards, defining outputs and targets and benchmarking performance indicators.

Having regard to the aforesaid, and with specific reference to the contents of the report, we submit that the report fulfils the purpose of the Performance Management Policy and Procedure, Municipal Systems Act (MSA) Budget Policy, as well as requirements in terms of Municipal Financial Management Act (MFMA) and that Group Legal Services Department submits that the recommendations contained in the report are legally in order.

6. IMPLICATIONS

6.1 HUMAN RESOURCES

None

6.2 FINANCES

Once approved, the Annual report will be printed. Funds are available in cost centre 1016, GL account 411702 (printing). The printed annual report will consist of volumes 1 and 2 as per the annexure.

6.3 CONSTITUTIONAL AND LEGAL FACTORS

The report complies with annual reporting requirements of the Municipal Finance Management Act and the Municipal Systems Act.

6.4 COMMUNICATION

Once Council approves the City of Tshwane Annual Report for FY 2012/13, the oversight report of Council should be submitted to National Treasury, the Auditor General, Provincial Treasury and the provincial department of Local Government and Housing. The resolutions of Council must also be placed on the Council website as legislated. The final printed document will be made available to all libraries as reference publications.

6.5 PREVIOUS COUNCIL OR MAYORAL COMMITTEE RESOLUTIONS

Council resolved in January 2014:

1. That written public comment be sought during February 2014 as per the approved process plan, on the tabled draft Annual Report.
2. That the Annual Report be referred to the section 79 Standing Committee: Public Accounts and be tabled for deliberations and approval at the Council Meeting of March 2014.

7. CONCLUSION

The purpose of this report was to:

1. Report to Council on the results of the written public comments period on the City of Tshwane Annual Report for FY 2012/13
2. Seek Council approval of the City of Tshwane Annual Report for FY 2012/13.

As indicated in the discussion, no written public comments were received by the closing date of 28 February 2014. The Auditor General signed of the financial statements in February 2014 and these have been attached to this report. It is therefore recommended that this report replace the report tabled in January 2014.

Once approved, the document should be printed within the available printing budget, as per the Council approved process plan (June 2013) and distributed. Although the municipal entities reports are attached as separate documents, their information is consolidated with the Annual Report. Therefore the printed Annual Report will consist of Volumes 1 and 2 of the annexure to this report.

The Mayoral Committee on 20 March 2014 resolved to recommend to Council as set out below:

ANNEXURES:

A. Annual ADVERT 6 FEB 2013.pdf
B. Volume 1 annual report 1213 v9 4 march.pdf
C. Volume 2 Consol AFS 2013_Final 4 Febr.pdf
D. HCT ANNUAL REPORT 2012-13 Revised 20 Jan 2014-Final.docx
E. HCt Audited Annual Financial Statements 2012-13 (3).pdf
F. SWA Final Annual Report 2012-13.pdf
G. SWA 2013 Annual Financial Statement.pdf
H. TEDA Annual report 2012-13 (final) edited version.docx

RESOLVED:

That Council approves the City of Tshwane Annual Report (including the Annual Financial Statements) for financial year 2012/13.

RESOLUTION
2014 -03- 27
BESLUIT
RAAD

(Remarks:

At the Council meeting of 27 March 2014-

1. **Cllr BR Topham on behalf of the DA requested that their vote against the approval of this report be registered, due to the late delivery of hard copies to the Councillors.**

2. **Cllr LA Erasmus on behalf of the FF+ requested that their dissenting vote on the approval of this report be registered).**

UITNODIGING OM KOMMENTAAR TE LEWER OOR DIE JAARVERSLAG 2012 – 2013

CITY OF TSHWANE
IGNITING EXCELLENCE

Artikel 127(5)(a) van die Wet op Munisipale Finansiële Bestuur (Wet 56 van 2003) vereis dat munisipaliteite hul jaarverslag publiseer en die plaaslike gemeenskap uitnooi om voorleggings oor die verslag in te dien nadat dit by 'n raadsvergadering ter tafel gelê is. Die Stad Tshwane Metropolitaanse Munisipaliteit het sy Jaarverslag vir die boekjaar 1 Julie 2012 tot 30 Junie 2013 by sy raadsvergadering op 30 Januarie 2014 ter tafel gelê and nooi daarom die publiek uit om voorleggings of kommentaar daaroor in te dien.

Kopieë van die Jaarverslag 2012/13 sal op 5 Februarie 2014 op die Stad Tshwane se openbare webblad (www.tshwane.gov.za) beskikbaar wees, en op 7 Februarie 2014 by ons kliëntedienssentrums en munisipale biblioteke.

Enigeen wat 'n voorlegging wil maak en/of kommentaar wil lewer, kan dit –

1. voorlê by die Kantoor van die Stadsbestuurder, Kamer 14020, 14de Vloer, Isivuno-gebou, Lilian Ngoyi-straat, Pretoria;
2. voorlê by enige streekskantoor vir die aandag van die Uitvoerende Streeksdirekteur; of
3. per e-pos stuur na anishad@tshwane.gov.za of AnnualReport.Inputs@tshwane.gov.za.

6/2/14

P10 Board

Bel asseblief 012 358 0798 vir meer inligting.

Alle voorleggings en/of kommentaar moet skriftelik gelewer word.

Sluitingsdatum vir voorleggings: 28 Februarie 2014 om 12:00

www.tshwane.gov.za

PB/PIA NEWS/06/02/2014

INVITATION TO SUBMIT COMMENTS ON THE ANNUAL REPORT 2012 – 2013

CITY OF TSHWANE
IGNITING EXCELLENCE

Section 127(5)(a) of the Municipal Finance Management Act (Act 56 of 2003) requires municipalities to publicise their annual report and invite the local community to make representations on the report after it has been tabled at a council meeting. The City of Tshwane Metropolitan Municipality has tabled its Annual Report for the financial year 1 July 2012 to 30 June 2013 at its council meeting on 30 January 2014 and therefore invites the public to make representations or submit comments on the Annual Report.

Copies of the Annual Report 2012/13 will be available on the City of Tshwane's public website (www.tshwane.gov.za) on 5 February 2014, and at our customer care centres and municipal libraries on 7 February 2014.

Anyone who wishes to make a representation and/or submit comments can –

1. submit them to the Office of the City Manager, Room 14017, 14th Floor, Isivuno Building, Lilian Ngoyi Street, Pretoria;
2. submit them to any of the regional offices for attention of the Regional Executive Director; or
3. send them by email to anishad@tshwane.gov.za or AnnualReport.Inputs@tshwane.gov.za.

For more information, please phone 012 358 1643.

All representations and/or comments should be in writing.

Closing date for submissions: 28 February 2014 at 12:00

www.tshwane.gov.za

ANNEXURE B
12

2012-2013

Draft Annual Report
Volume 1

CITY OF
TSHWANE
IGNITING EXCELLENCE

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1 Executive Mayor's Foreword and Executive Summary

A EXECUTIVE MAYOR'S FOREWORD

We have arrived at our mid-term, a time of reflection and recollection, of a retreat to gain strength, and rehearse from our lessons, but importantly a refreshment station so that we can run our race to the logical finishing line

I am immeasurably honoured to present this annual report for the Financial Year ended on 30 June 2013 which coincides with the mid-term of the current Council term, the historic 20-year anniversary of democracy in South Africa.

We are on the eve and final countdown of our national and provincial elections, whilst at the same time are beginning to witness the infant steps of the National Development Plan, our Country's vision to the year 2030, and in equal par the piloting of some of our big-ideas espoused in the 2055 vision for Tshwane.
.

While we report here on our achievements in the 2012/13 Financial Year, we are cognisant of the significant period we are in and also reflect on key issues broader than the reporting period, because our job started in 2011, when we took office.

We celebrate with bitter-sweet emotions the City's achievement of an unqualified audit for the fourth consecutive year – mean we are efficient, clean and responsible

Although these achievement places us firmly and positively on the trajectory towards achieving the national priority of an unqualified audit with no matters of emphasis, we are reminded of the remainder of challenges and some service delivery targets remain evasive.

Because, we are wise to the reality of the need to raise more resources and to do little with less, in a bid to fast-track financial sustainability and service delivery, "Team Tshwane" drove key game-changing projects during the 2012/13 Financial Year. Among others, these include –

- the Security of Revenue project; which will result in the installation of Smart prep-paid Electricity meters , cutting our administrative costs and empowering our consumers to determine the rate of their energy consumption without hassle

- the Inner City Regeneration project, which will ensure that our CBD is safe, liveable, and economically viable and accessible to all

- the West Capital Precinct Development; an iconic development which will bring amongst others, Marabastad to its former glory and address the challenges of inner city affordable student , social and middle income housing demand

- Tshwane House; Our seat of government , will rise from the ashes of the erstwhile Munitoria , and bring under one room all the City core administrative personnel in both the city administration and the business of council – creating a unique one stop shop ever witnessed in any municipality in South Africa

- The Bus Rapid Transport System (A Re Yeng); will ease mobility, reduce traffic congestions and ultimately reconnect all the cardinal point of the city through a reliable integrated Bus, Taxi and Train network.
- The Smart City initiative – Will make technology our daily business and improve how citizens transact with the city , and attract new investment which is so dependent on our connectivity and band-width capacity

These game changers are propellants of making sure that we as a Capital City, contributes to the ingredient mixer of “Moving South Africa Forward’.

We are collecting rates and levies, and entering fund markets, because we believe that the time is nigh for us to meet your needs and address the challenges if poverty, unemployment and underdevelopment.

There was a positive cash flow of R409, 2 million compared to the R57, 3 million in 2011/12. The improved liquidity and investment in assets bode well for the financial sustainability of the City and our ability to continue to deliver on the mandate given to us during the local government election of 2011

From a financial sustainability perspective, it is significant that the City showed growth in revenue and capital expenditure during the 2012/13 Financial Year, reflecting greater expenditure on backlog eradication and the provision of critical basic services. Altogether 98% (R4 550 503 401) of the adjusted capital budget of R4 613 868 was spent, compared to 92% (R3 115 999) in the 2011/12 Financial Year.

As, stated we also take time to share of successes, since the advent of democratic and developmental local government

We are happy to share that , in meeting the needs of our people , our strides made in the past 13 years and our contribution to service delivery and transformation has realised approximately –

- 464,2 km of road construction; Creating jobs , connecting us to our people and moving us and our goods forward
- 351,97 km of storm water drainage construction; making our city safe , resilient and
- 55 677 residential stands with sewer/sanitation connections;
- 75 249 residential stands with water connections;
- 87 565 electrified houses;
- 15 819 top structures;
- 69 841 jobs created; and
- 100 931 indigent households registered (excluding those exited over the years).

We have achieved the above because we have remained committed and caring, and importantly because we fully understood that we can only achieve our development goals when we have done the basics right – given our people dignity, security and opportunity

All these achievements could not have happened without a partnership for development – Partnership of trust, of patience of confrontation and of complementarity.

For the past year, we remained aware that we must do more for Tshwane and for the greater good of our people, and we thus pride ourselves with the following was achievements in the financial yeas 2012/13

- 62 km of roads constructed;
- 71 km of storm water drainage constructed;
- 9 845 residential stands were provided with waterborne sanitation connections;
- 10 170 residential stands were provided with water connections;
- 21 021 houses were provided with electricity connections, of which 14 915 connections addressed backlogs;
- 21 891 jobs were created of which 20 386 were EPWP jobs; and
- 12 284 new indigent households were registered to access free basic services and 2 078 were exited.

The landscape of Tshwane changed significantly with the incorporation of the former Metsweding municipalities in 2011. This created the need to re-think our transformation and development agenda, especially in terms of how spatial transformation should be achieved amid the implementation of the national vision for 2030.

Therefore, since the 2011/12 Financial Year, the City spent months engaging with stakeholders and communities to formulate Tshwane 2055. Our focus since Council approved Tshwane 2055 is to drive investment and development towards achieving our vision, which is:

> "In 2055, Tshwane will be a liveable, resilient and inclusive city with a cohesive society enjoying a high quality of life, access to social and economic opportunities and partnership in the development and advancement of human rights."

The challenge to the City and all stakeholders is therefore to partner and work towards the progressive achievement of this vision in the most efficient, effective and impactful manner. Thee road towards 2055 starts right here, right now, among others with –

- each decision we take through the processes of our Integrated Development Plan, budget and Service Delivery and Budget Implementation Plan;
- each individual application for building approval as to whether it enhances spatial integration and transformation;
- each decision a business takes on what to invest in and where; and
- Every household's decision on how to handle its household waste and use its water.

These choices and decisions will take us closer to repositioning the City and realising the transformation and development we seek, or drive us towards maintaining the spatially, socially and economically divided city we inherited in 2000.

Our beloved President Nelson Mandela once said:

> "Overcoming poverty is not a gesture of charity. It is an act of justice. It is the protection of a fundamental human right, the right to dignity and a decent life. While poverty persists, there is no true freedom."

We acknowledge that the findings raised by the Auditor-General (AG) in his report have reduced in number and significance, reflecting the maturing of governance processes in the City of Tshwane. Examples of areas of improvement include:

- Whereas in Financial Year 2011/12 the Auditor General raised materials findings related to usefulness and reliability of performance information, in Financial Year 2012/13 there were no material findings related to usefulness and reliability of performance information.

- Material losses as a result of electricity distribution losses were reduced from 12, 11% of total electricity available for sale to 11, 03%, a saving of R28 409 118.

I, on behalf of the political leadership you installed in 2011, therefore call on the City Manager as accounting officer for Team Tshwane to do much, and much more to address the challenges of unemployment, poverty and inequality.

We have restated that to us, "Excellence is not measure, but a habit," the pursuit of excellence therefore is there our way of living and of life.

I call on citizens, stakeholder and partners to continue to watch us closely, to petition is, to offer help and to keep us on our toes and hold us accountable, so that the mandate you have given us for this term of office is realised. Let us be reminded together we can create a Tshwane we can proudly call "My city, South Africa's capital".

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Cllr KD Ramokgopa

EXECUTIVE MAYOR

B REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE FOR THE REPORTING PERIOD ENDED 30 JUNE 2013

1 INTRODUCTION

The Audit and Performance Committee (APC) is an independent committee of the City of Tshwane Metropolitan Municipality and its municipal entities and was established in terms section 166(1) of the Local Government: Municipal Finance Management Act, the Local Government: Municipal Planning and Performance Management Regulations and through a Council Resolution. This report reflects on the work of the Committee for the reporting period ended 30 June 2013.

2 TERMS OF REFERENCE

Besides the legislation mentioned above, the Audit and Performance Committee functions per its Terms of Reference which were reviewed and recommended for approval to Council on 08 May 2013 The mandate of the Committee as outlined in its Terms of Reference is to provide governance oversight over the financial and performance reporting of the Tshwane Metropolitan Municipality and its entities. The Committee conducted its affairs in compliance with this mandate and has discharged its roles and responsibilities as outlined in its Terms of Reference.

3 MEMBER, MEETINGS AND ASSESSMENTS

The current Committee was appointed by Council at a meeting held on 27 October 2011. It consists of external professionals who are independent of the political and administrative structures of the Tshwane Metropolitan Municipality and its entities. The Committee convened for the first time on 30 November 2011 and all its four (4) subsequent meetings were fully quorated through the attendance of its members who are as follows:

i. Melck, A.P. (Chairperson)(Resigned on 31 October 2013)
ii. Fourie, P.S. (Acting Chairperson as from 29 November 2013)
iii. Gounden, S.
iv. Magongwa, B.N.(Resigned on 01 April 2013)
v. Makinta, S.M.
vi. Mnisi, P.R.
vii. Mzizi, P.
viii. Noxaka, P.
ix. Rangongo, M. G.
x. Sebeelo, M.K.
xi. Sebesho, L.

The effectiveness of the Committee and its individual members is assessed annually. For the year under review, all members were considered competent and they contributed meaningfully to the evaluation and interrogation of the various reports submitted to the Committee.

To ensure its uncompromised independence, the Committee invited external and internal auditors to all its meetings and also provided them with unrestricted access to the APC members.

For their work, the members of the Committee were remunerated in accordance with the Auditor-General South Africa's approved rates.

4 ROLES AND RESPONSIBILITIES

With regards to the roles and responsibilities set out in its Terms of Reference, the Committee reports as follows:

A INTERNAL CONTROLS AND COMPLIANCE WITH LEGISLATION AND REGULATIONS

The Committee has overseen a process by which Internal Audit performed a written assessment of the effectiveness of the Tshwane Metropolitan Municipality and its municipal entities systems of internal control, including internal financial controls. This written assessment by Internal Audit formed the basis for the Committee's recommendations to Council which enabled Council to report thereon in the Metropolitan Municipality's Consolidated Annual Report.

The Committee also held thorough discussions with the Auditor-General South Africa and senior members of management on the audit reports of the Tshwane Metropolitan Municipality and its municipal entities. Areas of deficiency in internal controls, differences in the interpretation of legislative requirements and risks identified by the Auditor-General South Africa were analysed. These fall into the following main categories:

PERFORMANCE INFORMATION

- Some performance measures and indicators were initially not adequately defined;
- Actual performance with respect to some targets was not provided adequately
- Some departments did not adhere to performance reporting requirements e.g. timeframes;
- Letters issued by the City Manager informing non-performing departments of the consequences of poor performance were noted.

SUPPLY CHAIN MANAGEMENT

- Inadequate processes to detect suppliers' conflicts of interests.

INTERNAL CONTROL

- Late reporting in some instances;
- Non-compliance with a number of applicable laws and regulations;
- Investigations not finalized.

In addition to the above, the Auditor-General South Africa's audit report pointed out that several legislative requirements were not adequately met by the Tshwane Metropolitan Municipality and its entities. These included awards made by the Municipality to providers who are employees in service of the Municipality in contravention of Supply Chain Management Regulation 44. Although cognisance was taken of a new computerised system for detecting contraventions, management was urged to improve procedures, processes and systems for complying with legislation and regulations in general.

Other than the above, the Chief Audit Executive indicated that no additional matters of serious concern needed to be raised by Internal Audit and that no material breakdowns in key internal financial controls had been identified for the attention of the Audit and Performance Committee during the reporting period. Therefore, based on the information and explanations given by Internal Audit, executive and senior management as well as discussions with the Auditor-General South Africa, the Audit and Performance Committee is of the opinion that the internal controls functioned adequately during the reporting period, although certain aspects thereof require strengthening and improvement. The Committee further confirms that it is satisfied that the issues raised by Internal Audit and the Auditor-General South Africa are receiving the necessary attention from management.

B FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The Committee reviewed the accounting policies and financial statements for the reporting period and was satisfied that they are appropriate and comply with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA). This attests to the diligence of the responsible municipal officials, for which they were commended by the Committee. The Committee did, however, take cognisance of potential improvements in some areas and will monitor the implementation of the steps taken to this end in future. In particular, as part of the emphasis of matter by the Auditor-General South Africa and as indicated above, attention was focused on significant uncertainties arising from the legal claims against the municipality and the financial losses resulting from the impairment of consumer debtors and unaccounted for water and electricity.

The Committee was also pleased to learn that the Auditor-General South Africa had issued an unqualified audit opinion on the consolidated financial statements of the Metropolitan Municipality and its entities for the 2012/2013 reporting period.

C PERFORMANCE OF THE CITY OF TSHWANE

The Audit and Performance Committee evaluated the Chief Financial Officer's Report that precedes the Annual Financial Statements. After interrogating the CFO on the financial sustainability of the Tshwane Metropolitan Municipality, the Committee took cognisance of the satisfactory consolidated operating results and the (largely positive) set of accounting ratios. The Committee noted that losses, mainly from unaccounted for water and electricity remain areas of concern that will require further attention in future. On-going monitoring of the number of defaulting consumer debtors was emphasised.

The Committee also reviewed the reports of the various departments as contained in the Consolidated Annual Report in order to form an opinion on the City's performance. The City's efforts to provide services to its population efficiently and to address the many challenges presented by the incorporation of new municipal areas and an increasing population were noted. On assurance that the deficiencies in some domains will be addressed, the Committee recommended submission of the Consolidated Annual Report to Council.

D INTERNAL AUDIT

At its meeting of 21 February 2013, the Audit and Performance Committee reviewed the revised Charter of the Internal Audit Function as well as the Terms of Reference of the Audit and Performance Committee. Both the documents were recommended for Council approval on 8 May 2013. The Committee is therefore pleased to report that the historical problem of positions in the Internal Audit Department being either unfunded or vacant has largely been addressed and as a result, the service provided by the Department to the Tshwane Metropolitan Municipality and its entities has improved.

E RISK MANAGEMENT

To enable appropriate focus on the management of risks, a Risk Committee which operates as a sub-Committee of the Audit and Performance Committee was constituted by Council during 2011/2012. Reports of the Risk Committee have been submitted and reviewed by the Audit and Performance Committee in line with its mandate.

F EXTERNAL AUDIT

The committee satisfied itself that the staff members of the Auditor-General South Africa were independent of the Tshwane Metropolitan Municipality and its municipal entities. Requisite assurance was sought and provided by the Auditor-General South Africa (AGSA) that internal governance processes within the office of the AGSA support and demonstrate its claim to independence. The committee was assured that the appointment of the AGSA as external auditor complied with relevant legislation relating

to the appointment of auditors for the Metropolitan Municipality. The committee, in consultation with the executive agreed to the engagement letter, terms, audit plan and the budgeted audit fees for the 2013 reporting period.

5 APPRECIATION

In conclusion, it should be noted that the Audit and Performance Committee relies extensively on the reports of the external and internal auditors in arriving at its conclusions. It also depends on the senior managers who attend Audit Committee meetings, and the secretariat, for conveying its opinions and recommendations to the appropriate structures in the Municipality's administration during the course of its work. The Committee would like to express its appreciation to the Accounting Officer and all other role players for the constructive meetings and discussions that the Audit and Performance Committee held with them.

PS Fourie
Acting Chairperson: Audit and Performance Committee
13 December 2013

C EXECUTIVE SUMMARY

The purpose of this chapter of the report is to present a broad summary of the annual report for FY 2012/13. It consists of the following sections-

- The City Managers foreword; and
- A broad municipal overview that includes among others a strategic context, spatial and demographic context, a service delivery overview for the year under review, the CoT financial health overview, overview of organisational development and a summary of the Auditor General report.

1.1 CITY MANAGER'S FOREWORD

This annual report covers a year of further significant success for the City of Tshwane Metropolitan Municipality on its journey to transform the lives of Tshwane's residents, while taking cognisance of the realities in the global sphere.

South Africa's current economic landscape is plagued by economic, socio-economic and political challenges, all of which have a direct influence on the country's overall ability to formulate economic policies and initiatives that will promote and support sustainable growth in the medium to long term. Major challenges are the acceleration of economic growth and high unemployment, income inequality and the poor quality of education. Furthermore, labour relations and strike action have affected many industries, and have had further adverse effects on electricity supply in the mining sector.

In this context, this year's annual review marks an important turning point for the City of Tshwane. In July 2012, the City committed itself to work together with the people of Tshwane to craft a long-term vision of the capital city, namely Tshwane Vision 2055. This document provides a broad logic for the city's growth and development over the next four decades of game changing and outlines the strategic choices and decisions that should guide the City of Tshwane's short-term to long-term planning. Following the launch of Tshwane Vision 2055 in September 2013, the City is set to translate strategy into concrete plans and programmes so as to achieve the desired outcomes for each decade. A roadmap_contained in this document will inform the revised five-year Integrated Development Plan (IDP).

In delivering services and amenities to Tshwane's residents, the City of Tshwane has ensured that over 80% of the residents have access to water, electricity, refuse/waste collection and sanitation. Tshwane has also experienced the second fastest growth in average gross value add (GVA) between 2012 and 2013 (at an estimated 2,5%). The City of Tshwane can decidedly be described as the most service-driven municipality in South Africa, with community services accounting for 28% of GVA on average.

Furthermore, in 2012, Tshwane's share in total exports from South Africa was an estimated 58%, making it the largest exporting metro in the country.

The regionalisation model also marks an important milestone for the City of Tshwane in advancing its programmes, which model makes use of partnerships and collaboration designed to ensure improved service delivery to the people. Moreover, the application of the approved organisational structure increases stability and job security.

In addition, the City of Tshwane's three municipal entities, namely the Sandspruit Water Association (SWA), Housing Company Tshwane (HCT) and Tshwane Economic Development Agency (TEDA), have been mandated to augment the City's endeavours to achieve set targets regarding its strategic objectives, although these entities are autonomous within the realm of particular laws. Nevertheless, the City and its entities are administered within the confines of the Municipal Finance Management Act (MFMA) by a single audit, risk and performance committee, which has yielded improved auditing results for the 2012/13 Financial Year.

The work of the entities is aligned with that of the City through the service delivery agreements, business plans, and participation of the entities in the governance structures of the City, including the management meetings, Mayoral Committee Clusters and the Mayoral Committee. All three entities completed the requisite business plans and service delivery agreements for the reporting year. The Office of the Mayor has ensured accountability of the entities. The boards of entities operate as oversight structures and are administered in terms of the Municipal Systems Act, while entity management complies with the requirements of the MFMA.

According to Census 2011, Tshwane's total unemployment level has decreased by 7,34% to 24,24% since its 2001 level of 31,58%. Youth unemployment decreased from 40,5% in 2001 to 32,6% in 2011. However, youth unemployment continues to be a key challenge for Gauteng and the City. This is mainly fuelled by the drastic growth in Gauteng's population in the age bracket 20-34 between 2001 and 2011. To give hope to the previously disadvantaged people of Tshwane, the City introduced a youth skills development and entrepreneurship programme targeting 10 000 young people in all seven regions and 105 wards of the City of Tshwane, known as Tshepo 10 000 (Hope). The youths are being trained in various fields, including infrastructure development, roads and transport, electricity and water, and housing and human settlement.

Huge progress has been made in the City's catalytic projects, which include the Tshwane Rapid Transport System, African Gateway, West Capital Precinct Development, Symbio City, Rainbow City, Inner City Regeneration and Security of Revenue. Their implementation is being monitored regularly. Progress is also noted in other programmes, notably those related to strategic land parcels, park development in wards, housing delivery and the formalisation of informal settlements, hostel upgrading and the provision of refuse bins across Tshwane.

As part of elevating the information and communication technology function, the City is upgrading its telecommunication infrastructure and providing an affordable internet service to communities. Wi-Fi hotspots have been established as part of the Smart City initiative to enable residents to access free

internet at community centres. About 47 municipal libraries have Wi-Fi connection, and 100 km of broadband network infrastructure will be rolled out during the 2013/14 Financial Year.

The pedestrianisation of Paul Kruger Street between Pretoria Station and the Pretoria Zoo as part of the Re Kgabisa Tshwane project is continuing. The development of Tshwane House (new headquarters of the City of Tshwane) is also an important project that will inject new energy to regenerate the inner city, which is within the Operation Reclaim area.

As a means to institutionalise the quality of its service delivery, the City opted for imposing ISO 9001 standards. To date, the Sport and Recreation and the Emergency Services Departments have acquired ISO 9001 accreditation, and other departments are to follow suit.

In relation to financial management, we are pleased to report that the City has maintained its sound financial management in years with greater advances in financial position as also reflected in the financial ratios. In addition, for the past three years, the City has achieved an unqualified audit opinion. This is primarily attributable to the tireless efforts of the administrative team at the head of the City.

With regard to risk identification and mitigation plans, the City conducted a strategic risk assessment and all the risks were linked to its IDP for 2011–2016 and the SDBIPs of the departments. Operational risk awareness campaigns and assessments were conducted in all departments and regions.

I am pleased to observe that the City is strengthening its partnerships with universities, public and private sector entities and industry researchers in achieving its strategic plans, and in creating a better future for ourselves and later generations.

Special thanks go to our honourable Executive Mayor for his visionary leadership, and to Members of the Mayoral Committee, Councillors, standing committees and dedicated employees. We are all driven by one goal – to deliver services to our people.

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Mr J Ngobeni
CITY MANAGER

1.2 Municipal overview

As indicated above, this section provides an overview on service delivery, financial health, organisational development and the Auditor General report for Financial Year 2012/13.

1.2.1 Strategic Context

Service delivery in the City of Tshwane is informed by the City's 2012/13 Integrated Development Plan (IDP). The priorities in this IDP contributes to the commitments of the ruling party's local government manifesto, the National Development Plan and the long term vision for the City as contained in the Tshwane Vision 2055. This Annual Report is a report on how the City is progressing against its set objectives.

1.2.1.1 The National Development Plan

Government adopted the National Development Plan (NDP) vision 2030 in 2012. The NDP 2030 is the narrative for a new growth and development trajectory for South Africa. The vision sets out that South Africa in 2030 will have:

- An economy that will create more jobs;
- Improved infrastructure;
- Transitioned to a low-carbon economy;
- An inclusive and integrated rural economy;
- Reversed the spatial effects of apartheid;
- Improved quality of education, training and innovation;
- Quality health care for all;
- Social protection;
- Built safer communities;
- Reformed the public service;
- Fought corruption; and
- Transformed society and united the country.

This Annual Report examines the progress that the City of Tshwane is making towards this national vision a reality. The City plays a significant role in contributing to job creation, supporting economic growth, reversing the spatial legacies of apartheid, ensuring improved safety, provision of basic services and housing, supporting the development of a low carbon economy and improving the health and wellbeing of its communities.

1.2.1.2 TSHWANE VISION 2055

The City of Tshwane embarked on a comprehensive, consultative and intensive process to formulate Tshwane Vision 2055.

Tshwane Vision 2055 was launched at the beginning of the Financial Year 2013/14. It is important to note the key objectives of Tshwane 2055 which are:

- To develop a framework to help us do a better job, to focus our energy, to ensure that all stakeholders and role-players are working toward the same goals;
- To assess and adjust the organisation's strategic direction in response to a changing environment;
- To open up a public discourse on the key challenges confronting the City and how together we can develop appropriate solutions; and
- To capture the imagination of City of Tshwane residents and stakeholders around the City's vision and hold each other accountable in our journey towards 2055.

The City of Tshwane anchored the collaborative strategy development process of Tshwane Vision 2055 promised on the Freedom Charter clause: "The people shall govern". Tshwane residents and the people of South Africa were provided a platform to exercise their power and rights by participating in the vision to remake South Africa's capital city.

The draft Tshwane 2055 discussion document was used to facilitate input and feedback for the development of Tshwane Vision 2055. The discussion document was also informed by the South African National Planning Commission's Diagnostic Overview and National Development Plan released in November 2011. Input was garnered through community engagements, radio interviews, newspaper articles, expert think pieces and social media. The consultation process took place between 31 July 2012 and July 2013.

The Executive Mayor presented Tshwane Vision 2055 at the Gauteng Premiers Coordinating Forum as part of Tshwane's contribution in the creation of the Gauteng City Region. The Executive Mayor also presented Tshwane Vision 2055 at various peer learning and inter-municipal engagements with other Metro Mayors.

The Executive Mayor also led -:

- <u>Political Leadership and Mayoral Committee engagements</u>: A series of engagements were undertaken wherein Tshwane Vision 2055 was deliberated on by the City of Tshwane's Chairpersons of Section 79 Committees, ANC regional structures, political parties represented in council as well as with alliance partners.

- <u>Regional and Community engagements:</u> The Executive Mayor appointed various political representatives to lead and direct the Tshwane Vision 2055 outreach process.

To support the Executive Mayors engagement and outreach interventions, a number of supplementary activities were implemented as explained in the next sections.

Community and stakeholder engagements:

The City of Tshwane developed an outreach process that was designed to solicit input from stakeholders around seven themes as well as the Tshwane Vision 2055 Discussion Document. Thematic weeks were convened based on the following seven themes:

- Governance;
- Health and poverty alleviation;
- Sustainable development and natural resources;
- Economic Growth;
- Smart City;
- Transport; and
- Liveable City.

Thematic weeks included roundtable discussions and conversations with stakeholders. The Tshwane Planning Commission played a critical role in providing input, reviewing the document and providing an oversight role.

Social Media Engagement

The general public was also invited to comment on the seven themes and be full participants of the process through suggestion boxes, email and social media platforms such as Twitter and Facebook pages.

Regional and Ward level participation

Regional and ward level engagement incorporated the voices of local communities. This provided a platform to discuss critical issues and establish mechanisms through which they could best be addressed.

Thought leadership

Several experts/ thought leaders from industry, academia and various research institutes were provided with the opportunity to interact with Tshwane Vision 2055 at different stages of the drafting of the vision statement. Opinion pieces in areas of governance, sustainability, social cohesion, climate change, role and future of capital cities, economic development, land-use and water and waste-water management were commissioned.

Youth engagement

The City engaged with the youth through its Youth dialogue session. The Executive Mayor hosted a roundtable discussion with University of Pretoria Masters, Honours and 3rd year students from the Faculty of Humanities and Social Science on the Tshwane Vision 2055. At this session the Executive Mayor stated that it was critical for the City of Tshwane to see through the lens of young people and explore the future leaders' unorthodox methods of shaping Tshwane.

Roadshows

Through the City of Tshwane's partnership with Microsoft, the City had the opportunity to present as part of its package, an overview of Tshwane Vision 2055 in 26 different cities/ towns across South Africa.

Other City Planning processes

The draft vision statement was also presented to different stakeholders as part of the 2013/14 IDP revision process. Furthermore, the City of Tshwane hosted and took part in several roundtable discussions including the Mega Cities conference focusing on city sustainability as well as the Caring Cities: Metropolis Annual Meeting of World Mayors.

Figure 1: Launch of Tshwane 2055 by the Executive Mayor

1.2.1.3 TSHWANE IDP 2012/2013

Council approved the first revised IDP 2011–2016 in May 2012. The document confirmed the vision, mission and spatial vision for the city.

Vision:

Tshwane – the African capital city of excellence

Mission:

To sustainably enhance the quality of life of all people in Tshwane through a developmental system of local government and by rendering efficient, effective and affordable services

Spatial Vision:

To be a spatially efficient capital city that is sustainable, competitive and resilient

The first revised IDP was aimed at delivering specific outputs and services, including water, sanitation, electricity, health care, waste removal, roads, public transport, sport and cultural facilities and programmes, targeted job creation, emergency services and support for indigent people, so as to achieve the following key outcomes:

- All communities without access to basic services should have access by 2016.
- Access to social services should be widened.
- Developed areas with existing infrastructure and services should be upgraded and/or maintained to ensure consistent service delivery.

The seven strategic objectives approved by Council in April 2011 were confirmed, and are summarised below.

Table 1: Strategic objectives of the City

No	Strategic objective	Description
1	Basic services, roads and storm water systems	• The provision of basic services to areas that currently do not have such services • Upgrading of services from below basic to basic level • Provision of roads and storm water systems for township establishment and formalisation
2	Economic growth and development and job creation	• Attraction and retention of investments • Job creation opportunities

No	Strategic objective	Description
		• SMME and cooperatives support
3	Sustainable communities with clean, healthy and safe environments and integrated social services	• Provision of social services and amenities • Fighting and preventing crime • Support and free basic services to indigent households • Sport and recreational facilities
4	Participatory democracy and Batho Pele	• Active participation of communities in the affairs of local government • Empowerment of ward councillors and ward committees • Customer care
5	Sound governance	• Achieving a clean audit outcome[1]. • Becoming ISO 9001 compliant • Clean, corruption-free administration
6	Financial sustainability	• Strengthening of long-term planning • Expanding revenue generation and securing revenue • Improving supply chain processes • Billing accurately
7	Organisational development and transformation	• Investing in and developing the human capital of the administration

1.2.2 SPATIAL, DEMOGRAPHIC CONTEXT

The City of Tshwane is a metropolitan or Category A municipality, and exercises legislative and executive authority within its area of jurisdiction as determined by the Constitution of the Republic of South Africa, 1996.

In May 2011, the City of Tshwane incorporated the Metsweding District Municipality, which included the Nokeng tsa Taemane and the Kungwini Local Municipality, into its area of jurisdiction, and thus became the largest municipality in South Africa by land area.

Gauteng has a total area of 16 548 km^2, Tshwane, at 6 260 km^2, now covers about 39% of the province. Tshwane forms part of the Gauteng metropolitan area (Tshwane, Johannesburg, Ekurhuleni), which is growing into one of the major city regions (mega cities) in the world. This vast conurbation forms the economic powerhouse of South Africa.

Our sprawled city with its complex composition faces many challenges in balancing development and growth with upliftment and upgrading. Its urban pattern, like that of most South African cities, has been shaped by apartheid policies. In addition, market forces and prominent natural features, more so than urban planning, structured the urban environment.

The city's population has, on average, the highest educational level in the country, and the city is a national centre of research and learning with four universities and the headquarters of both the Council for Scientific and Industrial Research and the Human Sciences Research Council. As administrative capital of

[1] Refer to the glossary for the Auditor General South Africa definition of a clean audit outcome.

the Republic of South Africa, Tshwane has a huge government service sector and accommodates most of the foreign members of the diplomatic corps in South Africa.

According to the 2011 Census results, Tshwane has a population of about 2,9 million people (about 911 536 households). This translates to an average annual population growth of 3,1% for the period 2001–2011. Census 2011also indicates that most of the city's population are young people aged between 30 and 39 years. The table below is a breakdown of the City population within the seven regions of the city.

Table 2: Population breakdown by region

Region	Landmarks and settlements included in the region	Regional Executive Director	Percentage of total population
1	Soshanguve South Node, Akasia Metropolitan Core, Rosslyn Automotive Cluster, Mabopane Station Urban Core, Pretoria North CBD, Medunsa, Soshanguve and Ga-Rankuwa	Mr James Murphy	27,78%
2	Wonderboom Airport, Babelegi Industrial Area, Wonderboom Nature Reserve, Tswaing Crater Nature Reserve, Dinokeng Nature Reserve and Hammanskraal	Mr Solly Mogaladi	11,61%
3	Brooklyn Metropolitan Core, Atteridgeville/Saulsville Urban Core, Union Buildings, Salvokop, Nelson Mandela Development Corridor, Freedom Park, Inner City, University of Pretoria and University of South Africa	Mr Kgomotso Mohlala	20,03%
4	Centurion Metropolitan Core, Highveld Technopark, N1 Commercial Development Corridor, Samrand Commercial and Industrial Node, Olievenhoutbosch, Irene	Ms Mashadi Manong	12,98%
5	Rayton Centre, Cullinan Regional Node, Roodeplaat Dam	Mr Frederick Lekwane	3,11%
6	Menlyn Metropolitan Node, Eerste Fabrieke Station Precinct, Mamelodi, Waltloo/Silverton Industrial Node	Mr Nava Pillay	20,73%
7	Bronkhorstspruit Regional Node, Ekandustria Industrial Node, Ekangala/Rethabiseng NDPG Programme, Zithobeni	Mr David Tshili	3,76%

The highest population densities in Tshwane occur in previously disadvantaged areas such as Atteridgeville, Mamelodi, Olievenhoutbosch, Soshanguve, Ga-Rankuwa, Ekangala, Zithobeni, Rethabiseng, Refilwe, Onverwacht and Jakaranda Park.[2] Because poverty remains a stark reality in these areas, the City of Tshwane adopted a social policy, known as the Indigent Policy, to assist those households who are unable to pay for municipal services. In terms of the Indigent Policy, the first 50 units of electricity and 6 kℓ of water are to be provided free of charge to all registered indigent consumers. However, these amounts have been doubled in the meantime.

2 Kungwini Spatial Development Framework Status Quo Report October 2010.

In 2013 and in terms of HDI in the UNDP Human Development Report, South Africa was ranked 121 with an HDI of 0,629. Other BRICS countries were ranked as follows: Brazil 85 (HDI of 0,730), China 101(HDI of 0,699) and India 136 (HDI of 0,554). Other African countries were ranked as follows: Botswana 119 (HDI of 0,634), Swaziland 141 (HDI of 0,536), Namibia 128 (HDI of 0,608) and Zimbabwe 172 (HDI of 0,397).

Although Tshwane has the lowest poverty rate in Gauteng, inequality and poverty remain a challenge. In 1996, income inequality and poverty in Tshwane[3] was 0,581 and 17,6% respectively, compared to 2003, which reflected 0,63 and 26,3% respectively. In 2009, inequality and poverty were recorded as 0,612 and 21% respectively.

1.3 SERVICE DELIVERY OVERVIEW

The IDP of the City for 2012/13 committed to 7 strategic objectives i.e.

- Provide basic services, roads and storm water which focused predominantly on addressing service delivery backlogs in terms of basic services, and the provision of roads;
- Economic growth and development and job creation which focused on facilitating job creation, economic opportunities and investment;
- Sustainable communities with clean, healthy and safe environments which focused on the provision of social services such as clinics, emergency services, policing and recreational services;
- Participatory democracy and Batho Pele which focused on customer care and functioning ward committees;
- Promote sound governance focusing among others on achieving a clean audit outcome[4];
- Financial sustainability focusing on among others increasing security of revenue and strengthening the long term financial model; and
- Organisational development and transformation focusing on among others the development and management of skilled, capable employees and transforming the institution.

The IDP contained 21 outcome targets with 40 SDBIP indicators driving their achievement. These indicators and targets were designed to address some of the key challenges identified in the City during the IDP formulation processes. The table below summarises key focus areas and achievements for FY 2012/13.

[3] Bearing in mind that Tshwane after the incorporation of Metsweding is much more extensive than it was in 1996.
[4] Refer to the glossary for the AGSA definition of a clean audit outcome.

Table 3: Key focus areas and service delivery achievements

KPA	Key Challenges	Achievements 2012/13
Solid waste removal	• Provision of solid waste removal services to informal settlements	• In addition to the provision of weekly waste removal services to all households, businesses and institutions in formalised areas on average 131 237 [5] households in informal settlements received solid waste removal services.
Formalisation of informal settlements	• The provision of basic services to households in informal settlements to ensure formalisation and regularisation of settlements. • 58 informal settlements required to be formalised.	• 7 informal settlements were formalised
Electricity	• The provision of electricity to informal households to addresses broad services backlogs. • 464 Temporary electricity connections, 1 960 street lights, 12 high masts, 170 MVA bulk electricity capacity, 95 400 smart meters and 6750 connections were needed in Winterveld in order to address electricity backlogs.	• 14 915 households received electricity connections as part of the electricity backlog eradication programme.
Water and sanitation	• Provision of formal water connections to households. • 345 Mℓ/day waste water treatment capacity, upgrading of sewer networks (350 km of pipes, 27 584 connections and 7 000 metered water connections), and refurbishment and upgrading of bulk water pipes (41 932 m) were required. • The provision of qualitative sanitation services to households	• 9 845 informal households received water connections through the formalisation process. • 9 845 informal households received waterborne sanitation connections through the formalisation process.
Roads and stormwater	• To provide roads and stormwater to address backlogs, and specifically address flooding risks.	• 62 km of roads and 71 km of stormwater were provided.
Job creation and the indigent	• Unemployment • Growing numbers of indigent households	• 20 386 EPWP job opportunities were created, that also benefitted the indigent. • In addition 1 505 jobs were created in the economy • 12 284 indigent households were registered for free basic services • 10 454 indigent households received free basic services
Health	• The provision of access to municipal health services	• 95,00% of child immunisation coverage for children under 1 year was achieved

[5] The City provides and collects for disposal refuse bags to households in informal settlements. The figure reported is an average measure, and it must be noted that the annual target had been realised monthly since March 2013. The annual target was affected by the non-availability of refuse bags during July and August 2012. By June 2013, 5 937 432 refuse bags in total had been distributed to households. In June, 157 390 households received refuse bags.

KPA	Key Challenges	Achievements 2012/13
	• Upgrading infrastructure in terms of the National health Plan. • 15 clinics needed to be extended and 9 new clinics were required.	• All clinics implemented the PMTCT (prevention of mother to child transmission) programme • 50 800 HIV tests were conducted • The new Doornpoort clinic was in construction • The Pretorius park clinic was opened • Olievenhoutbosch clinic is in construction • Extension of Danville clinic has been completed
Sport and recreation	• Provision of sports and recreation facilities and programmes to communities. • There was a backlog of about 39 sport and recreation facilities and 80 parks.	• 2 new libraries were provided and 1 sports facility

The MTREF allocated R4 353 046 899 to capital expenditure on service delivery in the following broad categories:

- Universal access infrastructure (amenities), such as fire stations, clinics and sport facilities
- Universal access infrastructure (basic), including roads, storm water systems, water, sanitation and electricity
- Local economic development, such as trading stalls
- Strategic catalytic projects, such as BRT infrastructure
- Housing, such as social housing projects
- Institutional projects, such as IT infrastructure at clinics and offices, depots and so on to enable service delivery

The capital budget was adjusted upwards to R4 613 868 295 during the budget adjustment process, increasing capital allocation to asset creation and service delivery.

As a result of the 98,6% expenditure on the capital budget, inroads were made to addressing the key challenges listed in the IDP. (See Chapter 3 for details of service delivery achievements.) Of note is that the City of Tshwane has set itself the target to provide higher levels of service, ie waterborne sanitation as opposed to ventilation-improved pit latrines, household and stand water connections as opposed to water connections 200 m from a stand on the street and so on. However, this is being realised progressively through the city's capital investment. For example, while bulk water infrastructure is being delivered, urine diversion sanitation may be used in certain areas to enable the provision of waterborne sanitation.

The City of Tshwane is on track with the provision of basic services midway into the Council term, despite the challenges experienced at a project level on some projects such as the BRT (A Re Yeng). Importantly, the City put in place measures to fast-track the implementation of projects, and many of the projects experiencing delays in 2012/13 have begun to realise returns since July 2013. For example, although waterborne sanitation was not fully realised in Winterveld, the provision of bulk infrastructure for waterborne sanitation has begun, and is set for completion in the 2013/14 Financial Year.

The formalisation of informal settlements, which previously was a challenge for the City, was turned around in the reporting year, resulting in the formalisation of seven informal settlements and, in addition, water and sanitation provision to over 9 000 households.

Road construction and storm water infrastructure provision were also fast-tracked, with over-achievement on planned targets in both areas, assisting to address road and storm water infrastructure backlogs and to improve the quality of infrastructure.

Support to indigent households has vastly improved, with measures to link registered indigent households to job opportunities, which helped households to exit the indigent programme. Health care targets were generally achieved, such as the provision of clinics. Furthermore, two new libraries were provided, slowly but steadily reducing the backlog in such facilities.

Despite the successes, key areas of challenge for the remainder of the Council term are the following:

- Formalising informal settlements and proclaiming new townships
- Providing sanitation infrastructure at the required rate
- Improving responsiveness to emergency incidents such as fires
- Providing health care infrastructure at a rate that satisfies the growing need, and that responds to the formalisation programme
- Improving supply chain processes and contract management to ensure rapid delivery and address poor performance by appointed contractors.

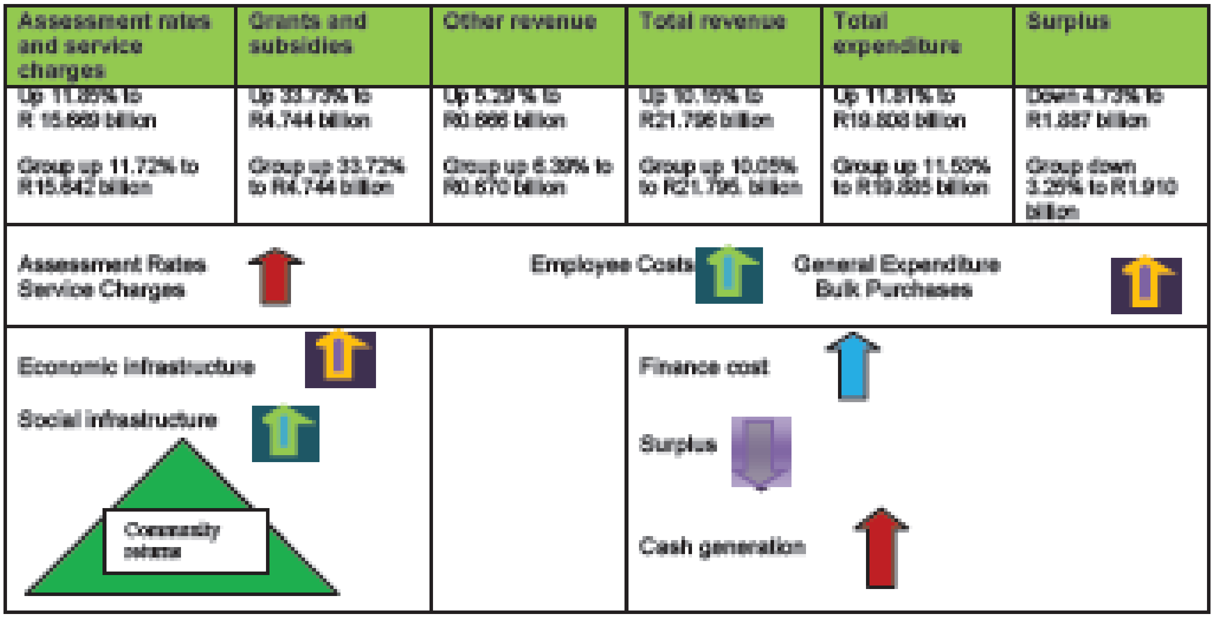
1.4 FINANCIAL HEALTH OVERVIEW

The City of Tshwane continues to implement strategies and measures to ensure long-term financial sustainability. Key initiatives include:

- The long-term financial model
- The budget policy
- The revenue enhancement strategy
- The budget principles and guidelines
- Cash flow management interventions
- Detailed quarterly financial reviews

The combination of these initiatives has led to prudent financial management, and has begun to yield positive results. As evidenced in its annual financial statements, the City of Tshwane showed a growth in revenue and in capital expenditure from 2011/12 to 2012/13. The financial framework below shows that the City has achieved sound operational performance, allowing for the payment of finance costs and interest.

Figure 2: City of Tshwane financial framework (source: CFO report)



In terms of cash and cash equivalents, the gearing ratio (both including and excluding grants) was below 50%. The benchmark for local government according to credit-rating companies is less than 50%. The positive cash flow of R402,9 million reflects the effectiveness of the belt-tightening and cash-flow enhancement initiatives implemented by the City. However, the City still has to realise the benchmark of less than 5% for overdraft plus short-term loans to total operating revenue.

Long-term debt increased during the year under review when the City entered the bond market in order to finance capital expenditure. However, the Municipality (excluding its entities) closed the Financial Year with an accumulated surplus of R13 814 037 349, compared to R11 926 638 478 in the previous Financial Year.

All three entities, namely the Sandspruit Works Association (SWA), Housing Company Tshwane (HCT) and Tshwane Economic Development Agency (TEDA), were viable and functioned within the legislated requirements of the MFMA and the MSA.

Although there was a negligible decrease in expenditure on remuneration, the City continues to improve on its efficiencies to ensure maximum return on service delivery, as can be seen from the corresponding improvements in the achievement of service delivery targets, and improved capital expenditure on service delivery projects.

1.5 OVERVIEW OF ORGANISATIONAL DEVELOPMENT

The creation of a new Tshwane as a result of the incorporation of the former Metsweding District, including Nokeng tsa Taemane and Kungwini, in the 2011/12 Financial Year brought about challenges that required resolution during the 2012/13 Financial Year. A new micro organisational structure was developed and transformation processes were implemented to ensure that employees, especially those of Metsweding, were placed on the new organisational structure.

Details on organisational development may be found in Chapter 4 of this report. At the end of June 2013 the City had 25 060 employees (including contract employees, but excluding councillors), and a vacancy rate of 40% (based on permanent employees only). Altogether 1 601 vacant positions were filled in the year under review. Since July, the filling of vacant positions was fast-tracked and the results for 2013/14 are likely to show greatly reduced vacancy rates. Of note is that, on average, it took 63,8 days to fill a position, with October to December 2012 yielding the longest waiting time.

The City invested in the training and capacity development of 11 054 employees, particularly in the category of professionals, followed closely by councillors, senior officials and managers. More male employees were trained than female employees in the year under review. Progress was made in terms of the achievement of minimum competency levels for senior management and finance officials as per the MFMA regulations. The City is on track to ensure that it achieves the deadlines agreed with National Treasury.

1.6 AUDITOR-GENERAL REPORT

The report of the Auditor-General may be found in Chapter 6 of this report. The City of Tshwane achieved an unqualified audit opinion. Matters of emphasis that were raised are related to:

- Significant uncertainties regarding the City being a defendant in a number of legal cases
- Restatement of corresponding figures
- Material losses related to water and electricity distribution
- Material impairment related to receivables

There were no material findings on the annual performance report concerning the usefulness and reliability of the information. 32 of the 40 SDBIP targets were achieved during the year under review, although the AG report indicates 31. The difference is due to a time lag between the completion of the AG report and the finalisation of sign off on the consolidated financial statements. The City put in place corrective measures to address non-achieved targets. See Chapter 3 for the measures concerned.

The City of Tshwane is pleased with its unqualified audit, but takes direction from the Executive Mayor and Council to ensure an unqualified audit with no matters of emphasis, and the realisation of planned targets and projects, thereby bringing services to the communities in Tshwane.

The following improvements were made with regard to AG findings compared to the previous year.

1. No material findings were raised relating to usefulness and reliability of performance information.
2. Material losses as a result of electricity distribution losses were reduced from 12,11% of total electricity available for sale to 11,03%, a saving of R28 409 118.

Therefore, in the 2013/14 Financial Year, the City will continue to strengthen its audit initiatives that were set in motion by the Executive Mayor and City Manager.

2 GOVERNANCE

A POLITICAL AND ADMINISTRATIVE GOVERNANCE

The City of Tshwane is a Category A or metropolitan municipality with a mayoral executive system combined with a ward participatory system.

The mayoral executive system allows for the exercise of authority through an executive mayor. The executive powers of the City of Tshwane rest with the Executive Mayor who exercises these powers as delegated by Council through a corporate system of delegations as well as local government legislation such as the Municipal Systems Act (MSA), the Municipal Structures Act (Structures Act) and the Municipal Finance Management Act (MFMA). The Executive Mayor is assisted by the Mayoral Committee consisting of Councillors appointed by the Executive Mayor to serve on the Mayoral Committee. In line with the executive system, the Executive Mayor delegates some of his responsibilities to the Members of the Mayoral Committee (MMCs), although he remains accountable to Council for the powers and duties delegated to him by Council and legislation.

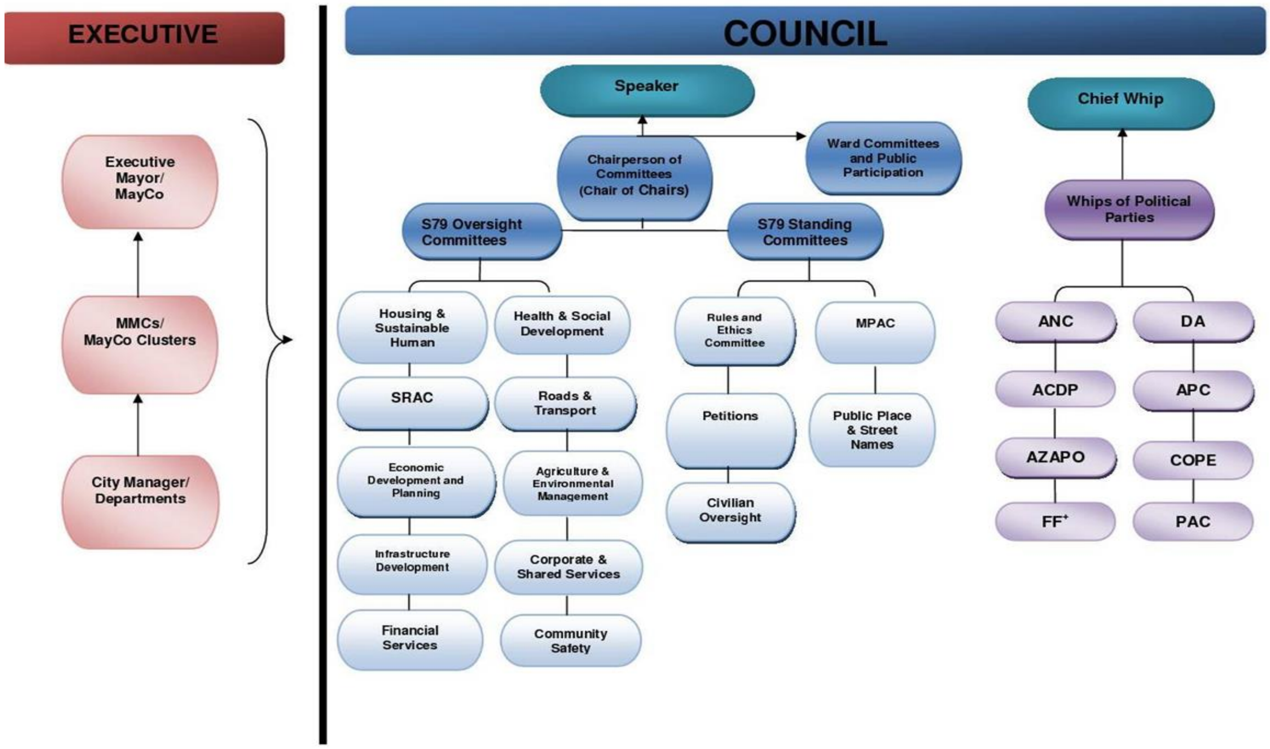
The City of Tshwane adopted a governance model that seeks to establish a clear separation of powers between the executive and legislature (Council). In terms of the model, Council established ten oversight committees and five standing committees in terms of section 79 of the Municipal Structures Act. These committees are tasked with monitoring the performance of the administration, through the executive, on the basis of the Integrated Development Plan, the Medium-term Revenue and Expenditure Framework and the Service Delivery Budget Implementation Plan. They are also tasked with producing oversight reports in that respect.

The administration is accountable to the executive through the City Manager. Through various structured committees, reports are generated and submitted to the Executive Mayor and the Mayoral Committee for establishing compliance with applicable legislation, seeking approval and providing updates on service delivery as well as exploring new and innovative ways to provide services to the community. Furthermore, a performance management system is in place for the City Manager to manage the performance of senior managers in line with specific performance targets.

2.1 Political Governance

Political governance takes place through a number of committees established specifically for that purpose. The figure below presents the approved governance model for the City of Tshwane.

Figure 3: City of Tshwane governance model



2.1.1 Council

The Council of the City of Tshwane consists of 210 Councillors, of which 105 are Ward Councillors and 105 are Proportional Representation (PR) Councillors. The Speaker of Council for FY 2012/13 was Cllr AWM Mosupyoe-Letsholo. The Executive Mayor of Tshwane is supported by a team of ten MMCs, each with a different portfolio focusing on particular departments in the Municipality. Each MMC chairs a portfolio committee made up of a number of councillors. The Mayoral Committee considers reports of the portfolio committees and submits them to the Council for approval.

Table 4: Allocation of council seats

SUMMARY OF COUNCIL SEATS ALLOCATION					
	PARTY		**WARD SEATS**	**PR SEATS**	**TOTAL SEATS**
1.	African Christian Democratic Party	ACDP	0	1	1
2.	African National Congress	ANC	68	50	118
3.	African People's Convention	APC	0	1	1
4.	Azanian People's Organization	AZAPO	0	1	1
5.	Congress of the People	COPE	0	2	2
6.	Democratic Alliance	DA	37	45	82
7.	Pan Africanist Congress of Azania	PAC	0	1	1
8.	Freedom Front Plus	FF+	0	4	4
	TOTAL SEATS		**105**	**105**	**210**

EXECUTIVE MAYOR

(Cllr Kgosientso Ramokgopa)

SPEAKER

(Cllr AWM Mosupyoe-Letsholo)

CHIEF WHIP

(Cllr Jabulani Mabona)

Figure 4: Political leadership

Council has established ten oversight committees and five standing committees. The oversight committees are the Corporate and Shared Services, Community Safety, Agriculture and Environment, Economic Development and Planning, Financial Services, Infrastructure Development, Health and Social Development, Housing and Human Settlements, Sport and Recreation, and Roads and Transport Oversight Committees. The standing committees include the Public Place and Street Name, Civilian Oversight, Petitions, Rules and Ethics, and Municipal Public Accounts Committees.

These Council committee in terms of the governance model, rely on reports submitted by the executive through Council, such as the Annual Report, in order to perform their oversight function. They determine priority areas for oversight in terms of the IDP, SDBIP or MTREF and may solicit reports directly from departments for such purpose. They may also invite departments and/or the relevant members of the executive to a meeting of the committee in order to give their inputs to the matter concerned. However, Council remains the final arbiter on any matter placed before the committees.

Council has also established an Audit and Performance Committee of external experts to consider specific legislated reports and to advise the executive and Council on any corrective measures that may be required to rectify shortcomings.

Council meetings take place monthly, except for where special meetings are called.

2.1.2 Mayoral Committee

The Mayoral Committee is chaired by the Executive Mayor. The following figure indicates the Members of the Mayoral Committee (MMCs).

MMC Corporate and Shared Services

Cllr Thembi Mmoko

MMC Community Safety and Emergency Services and Leader of Executive Business

Cllr Terence Mashego

MMC Economic Development and Planning

Cllr Subesh Pillay

MMC Sport Recreation and Culture

Cllr Nozipho Tyobeka Makeke

MMC Group Financial Services

Cllr Dorothy Mabiletsa

MMC Roads and Transport

Cllr George Matjila

MMC Public Works and Infrastructure Development

Cllr Jacob Masango

MMC Environmental Management

Cllr Petunia Faith Mashaba

MMC Health and Social Development

Cllr Eulanda Mabusela

MMC Housing and Human Settlements

Cllr Joshua Ngonyama

Figure 5: Members of the Mayoral Committee

Where the Mayoral Committee does not have delegated powers in terms of the system of delegations and applicable legislation but is confident that the matter placed before it is of such a standard and quality that it may be processed, the matter would be recommended to Council. Council may then take a final decision on the matter or refer it to an oversight committee of Council before or after its approval of the report concerned.

Mayoral Committee clusters were established, whose main purpose is to interrogate reports before they are submitted to the Mayoral Committee for consideration. These committees are clustered in terms of areas of specialty, such as the Governance Cluster, the Health and Social Development Cluster, the Infrastructure Cluster as well as the Alienation Cluster. The Alienation Cluster specialises in the alienation of municipal land for various development initiatives. Reports from these committees are processed by the Mayoral Committee for finalisation, or referral to Council as the case may be.

Councillor Terrence Mashego is also the Leader of Executive Business (LOEB). This is an additional responsibility to being the MMC for Community Safety and Emergency Services. The LOEB is responsible

for ensuring effective coordination and alignment between the executive and legislature within the City of Tshwane.

2.2 ADMINISTRATIVE GOVERNANCE

This section reflects on the senior administrative structure of the City of Tshwane during the 2012/13 Financial Year. The City Manager is the head of administration and accounting officer. He has 15 direct reports The City Manager is also assisted by 4 Deputy City Managers (a profile of the DCM's and their portfolios is found on the table below) .

City Manager

Mr Jason Ngobeni

The City Manager chairs top management meetings. Each of the Deputy City Managers chairs technical clusters of top management. Reports are first discussed at top management meetings before submission to the Mayoral Committee.

The City Manager has put in place processes to ensure that all departments submit plans and reports on their performance targets in order to ensure accountability. In addition, performance reviews of direct reports to the City Manager take place quarterly. .

The table bellows provides a broad overview of the macro-organisational structure of the City of Tshwane.

Table 5: Broad overview of macro-organisational structure

Clusters headed by Deputy City Managers	Departments reporting to the City Manager headed by Strategic Executive Heads/Directors
• Strategy Development and Implementation • Operations • Infrastructure and Programme Management • Service Delivery and Transformation Management	• Office of the Speaker: Mr Mapiti Matsena • Office of the Chief Whip: Ms Kgaugelo Mkhwabane • Office of the Executive Mayor: Mr Ernest Shozi • Group Audit and Risk: Mr Obed Tenga • Group Financial Services: Mr Andile Dyakala • Tshwane Metropolitan Police: Mr Steven Ngobeni • Corporate and Shared Services: Ms Zukiswa Ntsikeni • Group Legal Services: Mr Bruno Seabela • Group Information and Communication Technology: Mr Dumisani Otumile • Emergency Services: Ms Joan de Beer • Office of the City Manager: Mr Tshilidzi Nemahagala

The section below presents top management of the City of Tshwane.

Figure 6: Top Management of the City of Tshwane

Title and incumbent	Direct reports	Title and incumbent	Direct reports
Deputy City Manager: Infrastructure and Programme Management  Mr Lisa Mangcu	**Departments headed by Strategic Executive Directors** • Roads and Transport: Mr Pheko Letlonkane • Housing and Sustainable Human Settlements: Ms Amolemo Mothoagae • Services Infrastructure: Mr Nndwamato Mutshidza • Bus Rapid Transit: Ms Lungile Madlala **Entities headed by Chief Executive Officers** • Housing Company Tshwane: Mr Matome Gaffane • Sandspruit Works Association: Mr Matsepela Taetsane	**Deputy City Manager: Strategy Development and Implementation**  Ms Lindiwe Kwele	**Departments headed by Strategic Executive Directors** • Economic Development: Ms Tembeka Mhlekwa • City Planning and Development: Mr Makgorometje Makgata • City Strategies and Performance Management: Mr Mayur Maganlal • Research and Innovation: Ms Zukiswa Ncunyana • Tshwane Convention Bureau • Communications, Marketing and Events: Ms Nomasonto Ndlovu **Entity headed by Chief Executive Officer** • Tshwane Economic Development Agency: Mr Manye R Moroka
Deputy City Manager: Operations  Mr Frans Mokgokela Boshielo	**Departments headed by Strategic Executive Directors** • Health and Social Development: Mr Mpho Kekana • Environmental Management: Mr Mthobeli Kolisa • Sport and Recreation: Mr Kepi Madumo	**Service Delivery and Transformation Manager**  Dr Ndhivo Lukhwareni	**Regions headed by Regional Executive Directors** • Region 1: Mr James Murphy • Region 2: Mr Solly Mogaladi • Region 3: Ms Kgomotso Mohlahla • Region 4: Ms Mashadi Manong • Region 5: Mr Frederick Lekwane Region • Region 6: Mr Nava Pillay • Region 7: Mr David Tshili

The administrative heads in political support offices (Office of the Speaker, Office of the Chief Whip and Office of the Executive Mayor) reported administratively to the City Manager. Mr Ernest Shozi is the Chief of Staff in the Office of the Executive Mayor.

SEH in the Office of the Mayor

Mr Ernest Shozi

The City of Tshwane is led by a dedicated, capable leadership. Dedicated clusters ensure efficient work practices and service delivery. Controls and interventions are continuously being improved to ensure that the City works efficiently and is effective in achieving planned outcomes, as can be seen from the improved audit results that may be found in the chapter on the AG report.

B INTERGOVERNMENTAL RELATIONS

2.3 INTRODUCTION

The City of Tshwane participates in intergovernmental relations (IGR) within the ambit of Chapters 3, 6 and 7 of the Constitution and the IGR Framework Act of 2005. It exercises its powers and performs its functions in a spirit of cooperative governance rather than competitive federalism. The City further conducts its IGR business through the Executive Mayor as the custodian, supported by the City Manager. More often than not, other intergovernmental functions are delegated to the Members of the Mayoral Committee for sectoral coordination.

The IGR function is also performed within the context of the Municipal Systems Act (MSA) for alignment of Integrated Development Plans (IDP's) to national and provincial IDP's and strategies.

This section provides an overview of the IGR and international relations platforms that the City has been involved in.

2.3.1 IGR ENGAGEMENTS

The Executive Mayor chaired the SALGA Climate Change Adaptation Project meetings attended by various major local government stakeholders such as the South African Cities Network where many municipalities were represented. The engagement was about interrogation of climate change adaptation and to explore possible solutions as well as to package adaptation for public and private finance

The executive mayor chaired session where the city hosted various municipalities who wanted to learn about Tshwane's structures and systems of governance as well as implementation of programmes for service delivery. Delegations at high political and administrative levels came from Molemole Local Municipality; Mangaung Metropolitan Municipality; EThekwini metropolitan Municipality and Mokgalakwena Local Municipality.

The City also hosted Moretele Local Municipality with a specific request for the City to provide bulk water in the area as per a signed MOU.

The Executive mayor chaired the African Cities Network Dialogue on the theme: "Towards an integrated urban development framework for South Africa", hosted by the City of Tshwane, with discussions around an Integrated Urban Development Framework (IUDF), its proposed functionalities and structures, urban challenges and opportunities, some lessons from other countries as well as position of IUDF in the policy implementation environment.

The City Manager chaired stakeholder Engagements on Security of Revenue Project with Eskom, The Dti, National and Provincial Department(s) of Cooperative Governance and Traditional Affairs, SACN,

Gauteng Office of the Premier, National Treasury, Nersa and DPW in order to present and demonstrate alignment of this project.

The City Manager presented Dash Board Key Controls to AG, attended meeting with Director General National Treasury to discuss Cities Support Programme and attended Premiers coordination Forums.

The City Manager met Ambassadors of Canada & USA to discuss the security threats at various foreign Embassies / High Commissions in Pretoria.

The City Manager met with the Department of Public Works (DPW) to discuss a Memorandum of Understanding (MoU) between the two Parties (COT and DPW).

The City Manager Participated in the SA Cities Network Strategic Conversation, SA Cities Network Board Meeting and Annual General meeting and also attended a workshop on Audit and Performance Objectives with Auditor General. He attended the Bricks Summit and mid-year budget visits by National Treasury

The City Manager attended a meeting with the Department of Public Works to discuss the Inner City Regeneration Project, Preliminary meetings of all Municipal Managers and SALGA Municipal Forum as well as workshop on IDP analysis with Gauteng Provincial Department of Local Government and Traditional Affairs.

The City Manager had a meeting with the Deputy Minister of Cogta to finalise the LGTAS report, met with Department of Justice and Constitutional Development COO to discuss the implementation of the Truth and Reconciliation Commission.

2.3.2 National Planning Structures

In the integrated planning arena, the City of Tshwane approached officials responsible for coordination of the National Development Plan to identify national government plans for municipalities, and the City of Tshwane in particular. The Department of Cooperative Governance and Traditional Affairs (COGTA) was also approached to seek role clarity on specific issues and to explore ways of synergising intergovernmental projects.

2.3.3 Provincial Intergovernmental Structures

The Executive Mayor participated in the Gauteng Provincial IGR Forum headed by the Premier, while the City Manager participated in the supporting Technical IGR Forum. These two high-level structures provide a platform for sharing information and best practices with provincial government and other municipalities in Gauteng. The IGR Forum provides a platform for coordination and alignment of government priorities and plans to ensure coherence across related functions and sectors.

In the past year, IGR work included participation in the SALGA Provincial Members Assembly to deal with issues affecting local government, including interrogation of municipal budgets and grants. The ultimate purpose of the assembly was to get municipalities to arrive at collective decisions around issues affecting them and to present the outcomes to the Premier's Coordinating Forum, for resolution. In the IGR context, the Executive Mayor participated in SALGA meetings to discuss policy imperatives affecting local government.

The Executive Mayor chaired the SALGA Climate Change Adaptation Project meetings, which were attended by major local government stakeholders such as the South African Cities Network, which represented many municipalities. The meetings interrogated climate change adaptation and explored possible solutions as well as packaged adaptation for public and private finance.

2.3.4 INTERNATIONAL RELATIONS

As the current Administration enters its third year, there can be no doubting the progress it has made in increasing awareness about the relevance and strategic importance of international relations in pursuing a developmental agenda at a city level.

The City of Tshwane expanded its international relations programme significantly in 2013 to embrace a range of initiatives and support resources in support of the local diplomatic community. While much remains to be done, the current Administration has helped to bring about enormous progress in diplomats' understanding of the services and goods provided by the City and how to access them. In addition, there is now a better understanding on the benefits that can accrue from ongoing engagements between the Executive Mayor and members of the diplomatic community.

The strong growth in our international relations engagements and networks reached its zenith in 2013 when the Executive Mayor was invited to deliver a presentation at the prestigious United Nations Global Compact Leaders Summit 2013 themed *Architects of a Better World* which took place just outside of the Financial Year of reporting, from 19 to 20 September 2013. The City of Tshwane maintains wide and healthy city-to-city relations in all major regions of the world in support of the foreign policy objectives of the national government. Details of the City's rich and intensive engagements for 2013 with like-minded cities, international organizations and members of the diplomatic community are outlined in a table below.

Table 6: Summary of international engagements

Nr	Project	Purpose	Comments
1	Executive Mayor's visit to the City of Quito, Ecuador, 6-4 April 2013	The Executive Mayor led a high-level delegation to Buenos Aires, Argentina and Quito, Ecuador as part of a South American visit from 6 to 14 April 2013. In Argentina, the delegation held several meetings regarding conversion from oil to gas and political meetings. While in Quito, the delegation held several meetings with representatives of the government of Ecuador and the City of Quito. These discussions culminated in the formalising of relations between the two cities where the Executive Mayor signed a Memorandum of Understanding with the Mayor of Quito.	A draft *implementation plan* is being exchanged between the two parties for implementation of joint projects identified during the visit
2	Executive Mayor's engagement with African Heads of Mission, April 2013	In April 2013 the Executive Mayor had a meeting with the African Heads of Mission at Kwalata Game Lodge whereby the importance of forging a closer collaboration with African cities was discussed. In addition, the Mayor offered to provide venues for the meetings of the African Heads of Mission at no cost.	Flowing from this engagement, the City identified four SADC cities (Maseru, Dar es Salaam, Lusaka and Luanda) to partner with. In October 2013 the cities of Tshwane and Dar es Salaam signed a Memorandum of Understanding.
3	Executive Mayor's engagement with EU Heads of Mission, September 2013	In line with the City's International Relations Strategy, the Executive Mayor met with the EU Heads of Mission in September 2013 to discuss possible joint projects and to inform members of the diplomatic community about current and upcoming City's infrastructure projects.	As a follow-up to the discussions held in this meeting, the Executive Mayor received invitations to visit several cities in Europe, such as Delft (Netherlands) and Karlskrona (Sweden) in 2014
4	Executive Mayor's engagement with Latin America's Heads of Mission, July 2013	The Executive Mayor met with the Latin America's Heads of Mission in July 2013. The purpose of the meeting was to inform members of the diplomatic community about various services rendered by the City, including the current and planned construction projects.	Most of the Latin and South American cities expressed their interests to engage the City of Tshwane on building linkages and exchanging information. Latin and South American Heads of State from Chile, Columbia, Argentina, and Uruguay thanked the Executive Mayor and expressed their support for the initiatives and projects implemented by the City of Tshwane.
5	Executive Mayor's attendance of the BRICS Summit, 26 March 2013	Following the successful meeting between the Executive Mayor and the local BRIC Ambassadors, and representative from the Department of International Relations and Cooperation, the Executive Mayor attended the BRICS Summit in Durban on the 26th March 2013. The Summit provided the	The Executive Mayor is scheduled to meet with the Ambassador from the Russian Embassy in January 2014 whereby the collaboration of BRICS capital cities will be discussed.

Nr	Project	Purpose	Comments
		platform for the City of Tshwane to engage with various stakeholders from the BRICS capital cities.	
6	The Executive Mayor's attendance of the United Nations' Global Compact Leaders Summit 2013 New York USA, from 19 to 20 September 2013	The purpose of the Leaders Summit was to deepen the commitment of participating leaders and to build and scale-up momentum within the business sector and foster enabling environments and collective action. The Summit provided a platform for business and governments to shape and advance the post-2015 development agenda – putting forward an architecture for business to contribute to global priorities, such as climate change, water, food, women's empowerment, children's rights, decent jobs and education in preparation for the Millennium Development Goals 2015 deadline	The participation of the City of Tshwane in this Summit confirmed that the Executive Mayor as the Champion of the City of Tshwane's trajectory towards a low carbon, resource efficient and climate resilient City has been recognised as a global role-player in the Sustainable Cities agenda.
7	24 to 29 September 2013 Nantes, France	Executive mayor's attendance of the Eco-City World Summit on Sustainable Cities and the World Mayors' Summit on Climate Change	This was in keeping with the City of Tshwane's commitment to the green economy.

Over the last year (2013), the city has reviewed its International Relations Strategy and updated it within the context of Tshwane Vision 2055, and developed an ambitious mission based on the belief that an engaging City will benefit local communities and society as a whole. Thisis vital for long-term value creation. Due to the high concentration of foreign missions within the Citys geographical it play a key role and responsibility to foster the development of a local governance system that is better attuned to long-term risks and opportunities of this international positioning

C PUBLIC ACCOUNTABILITY AND PARTICIPATION

This section of the report provides insight into the City of Tshwane's key initiatives related to public participation. The Constitution of the Republic of South Africa, 1996, the Municipal Systems Act, 2000, and the Municipal Finance Management Act, 2003 are among the key pieces of legislation compelling local government to encourage participation of stakeholders in the affairs of local government. The City met legislative requirements regarding public consultation in, among others, the following:

- MTREF compilation process;
- IDP process; and
- Development of by-laws (refer to section on by-laws).

In addition, monthly Council meetings were open to the public, and legislated documents were placed on the public website once approved (such as the IDP and SDBIP). The public was notified through newspaper notices. Members of ward committees also formally attend Council meetings.

However, the City also conducted public consultation meetings beyond legislated requirements, and these are presented below.

2.4 PUBLIC MEETINGS

The City convened public meetings on a range of topics such as Tshwane Vision 2055, A Re Yeng, the IDP and Budget, that are vital for public comment.

The City of Tshwane spent almost 12 months consulting the public on its visionary plan, Tshwane 2055. The in-depth consultation led to the finalisation and approval of the plan, which now guides the City's planning and budgeting.

The Tshwane BRT project was taken to the public for consultation on the name of the project, as well as the planned routes. Through public input, the BRT was renamed A Re Yeng, and public consultation on the implementation of the project continues through the other phases of the project.

Throughout Tshwane, regular mayoral Izimbizo took place to hear the voices of the people and provide feedback on the City's progress against its plans and promises to communities.

The IDP processes were dealt with in depth, together with the MTREF, through regional consultation meetings.

The Office of the Speaker supported ward committee meetings took place on a monthly basis. Support was provided through training and administrative resources, including a secretariat function to the ward committees[6].

2.5 IDP Participation and Alignment

The IDP and MTREF processes are integrated. Public consultation processes included localised meetings in the various regions of Tshwane, to seek inputs and to provide feedback on the IDP and budget.

The table below provides feedback against key criteria regarding the IDP.

Table 7: IDP participation and alignment criteria

IDP participation and alignment criteria*	**Yes/No**
Does the Municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they be calculated as a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 57 managers?	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 outcomes?	Yes
Were the indicators communicated to the public?	Yes
Were the four-quarter aligned reports submitted within stipulated time frames?	Yes
* *Section 26, Municipal Systems Act, 2000*	

In addition, the SDBIP was aligned to the IDP and the MTREF, and senior management performance agreements were aligned to the SDBIP. Quarterly performance reports reflected performance against the SDBIP and the IDP. These, once approved by Council, were submitted to National and Provincial Treasury and placed on the City of Tshwane public website.

[6] Refer to section on the Office of the Speaker later in this document

D CORPORATE GOVERNANCE

2.6 GOVERNANCE, RISK AND COMPLIANCE

Council and administration adopted an Integrated Risk Management Strategy to identify the wide range of risks to which the City of Tshwane is exposed. The City of Tshwane is committed to the effective management of risks in order to achieve its goals and objectives, as well as converting risks into opportunities that create value for our stakeholders. It is therefore a strategic intention to manage or mitigate risks that will prevent the City of Tshwane from meeting its strategic objectives.

The City of Tshwane is committed to managing and minimising risk by identifying, analysing, evaluating and treating exposure that may impact on its ability to achieve its objectives and/or the continued efficiency and effectiveness of its operations. The City of Tshwane incorporated risk management into its institutional planning and decision-making processes. Risk management has also come to be considered as a delegated line management responsibility. The City of Tshwane's employees are also required to implement risk management according to relevant legislative requirements and appropriate risk management standards.

2.6.1 ROLE OF THE RISK MANAGEMENT DIVISION

- Provision of overall leadership, vision and direction for enterprise risk management
- Establishment of the Enterprise Risk Management Strategy for all aspects of risks across the organisation
- Development of enterprise risk management policies, including the quantification of management's risk appetite through specific risk limits
- Implementation of a set of risk metrics and reports, including losses due to incidents, key risk exposures and early warning indicators
- Allocation of economic capital to business activities based on risk, and optimisation of the City of Tshwane's risk portfolio through business activities and risk transfer strategies

2.6.2 ROLE OF THE INTERNAL AUDIT UNIT

- Ensure that internal audit plans are developed in full consideration of the risk profile of the Municipality
- Conduct reviews of the effectiveness of the risk response strategies and any recommended corrective actions
- Ensure that risks identified through reviews are incorporated with the development of the City of Tshwane's risk profile

- Monitor the implementation of actions to mitigate those risks that are outside the agreed risk appetite of the City of Tshwane

2.6.3 Top five risks for 2012/13

The City of Tshwane adopted an Enterprise Risk Management approach to implement its risk management strategy, whereby, risk assessment workshops are conducted at strategic, departmental, regional and CoT's Entities level. A total of 31 risk champions were appointed across the departments and regions to ensure that risk management is embedded on day-to-day activities.

The City of Tshwane has also appointed the Risk Committee with four independent members, four deputy City Managers and three ECOs of the three municipal entities. The Risk Committee of the City achievements includes:

1. Approved Risk Committee Charter
2. Enterprise Risk Management policy and Strategy
3. Implementation of Business Continuity Management City Wide been started
4. Whistle Blowing hotline administered independently has been established
5. Combined Assurance framework

The following City's top 5 risks for the Financial Year were managed through the approved Enterprise Risk Management Strategy. The inherent risks that come with the implementation of the City's Strategic Objectives were successful mitigated. After implementation of the existing controls and mitigations the residual risks exposure was medium.

Table 8: Progress on top 5 risks

Nr	Primary link to strategic objective	Strategic risk identification	Risk category	Inherent Risk Exposure	Residual Risk Exposure	Risk management interventions
1	Provide Sustainable Service Infrastructure and Human Settlement Management	Lack of sustainability of infrastructure	Operations	High	Medium	• Implementation of alternative energy • Stakeholder engagement • Approval and implementation of Maintenance plans.

Nr	Primary link to strategic objective	Strategic risk identification	Risk category	Inherent Risk Exposure	Residual Risk Exposure	Risk management interventions
2	Provide Sustainable Service Infrastructure and Human Settlement Management	Natural and manmade disasters	Operations	High	Medium	• Use of Census 2011 information to determine equitable share of resources • Maintain effective and reliable Disaster response team
3	Promote good governance and active citizenry	Inability to deliver on commitments	Operations	High	Medium	• Promote Batho Pele · Promote Ethical Behavior and Conduct with the City • Encourage community involvement and active participation
4	Promote good governance and active citizenry	Inadequate systems to deal with fraud, bribery and corruption	Safeguarding of assets	High	Medium	• Establish structures to ensure a coordinated City of Tshwane effort • Follow the Safer City Implementation Plan to ensure that other departments participate in creating a safer city • Improve interdepartmental coordination • Promotion of ethics hotline • Establishment of Ethics Committee
5	Improve financial sustainability	Lack of financial sustainability	Operations	High	Medium	• Set up a coordination forum • Integrated Governmental Relations agreements • Monthly Management of Capex expenditure by all departments • Implementation City's Investment policy

2.6.4 Ethics and Integrity

The City Manager in November 2012 appointed an Ethics and Integrity Officer and resolved that each Department and Region appoint an Ethics and Integrity Officer. Top Management further resolved that an Ethics Charter be developed for approval.

The purpose of the Ethics charter is to:

- To establish standards of ethical conduct – especially those dealing with conflicts between personal interests and those of the city;
- To provide clear guidance with respect to such standards by clarifying which actions are allowed and which not;
- To promote public confidence in the integrity of our city's governance and administration;
- To provide for the consideration of potential ethical problems before they arise, to minimise unwarranted suspicion and to enhance accountability for our city's administration to city residents; and
- To provide for the fair and effective administration and enforcement of the charter.

The following principles and values are contained in the Ethics Charter of the City of Tshwane-

- Transparency: Employees are expected to declare and/ disclose their interest. All employees must ensure that they avoid any situation that is likely to create a conflict between their Personal interest and the interest of City of Tshwane.
- Integrity: Our Ethical and professional standards will form the basis for our conduct and service delivery. We accept no compromise in matters of integrity in our day-to-day business. We shall always strive to maintain the principles and values of City of Tshwane
- Accountability: we commit to making informed decisions with regard to all matters involving the organization and the public
- Cohesion: the strength of all employees will be mobilized to form a strong basis for team work and value driven behavior in the organization. There will be a spirit of unity and oneness among employees.
- Confidentiality: the employees will protect the confidentiality of information to which they have access through their professional activities (insider….)
- Compliance: commitment to comply with time lines set by the Organisation regarding reporting and service delivery, quality of reporting and service delivery, laws and regulations,
- Fairness and Honesty: The principles of Fairness and Honesty must prevail in every relationship that an employee engages in. We will honor commitments we make, and acknowledge the limits of our capacities to avoid making promises we cannot keep. When we communicate with other parties we will do so in good faith, and willingness to hear out the other party so as to reach a workable agreement.
- Respect for others: Mutual respect is the cornerstone of every relationship, the basis of which is reciprocity. We commit to respecting individuals as they are, respecting their Rights and expecting them to also fulfill duties attached to their Rights.

- Gifts, Rewards and Favors: Employees will declare to the municipality in writing all gifts, rewards and favors received from consumers, service providers, potential service providers and/or any unofficial benefit received during the course of exercising duties.
- Fraud, Corruption and theft: Employees will not undertake in any activity that may amount to Fraud, corruption or theft. Employees may further not solicit any benefit from a member of the public, service provider or potential service provider for doing or not doing what is required in terms of an official duties and responsibilities.
- Duty to report unethical conduct: We have a duty to report unethical behavior or any activity that is in contrast with the stipulations in this charter. Employees must immediately report their suspicions to an ethics officer or anonymously through the Anti-Fraud and Corruption Hotline on **080-Tshwane (080- 874- 9263)**

The Ethics Charter is to be signed by each employee and each individual should see it as an on-going commitment to execute their duties with integrity and to embrace the principles and values as stipulated in the Ethics Charter. The standards of Ethical conduct and integrity must effectively be set by the leaders of an organisation, Senior Management, and filtered down to the lowest level.

An Ethics and Integrity Committee is a valuable aspect of an ethics strategy. The role of the Ethics and Integrity Committee includes among others-

- Assist in developing and implementing the ethics strategy and ethics charter in the organisation;
- Ensure that adequate ethical standards and procedures are established within the organisation, to guide employees to execute their duties with integrity;
- Ensure that these ethical standards are constantly communicated to all involved;
- Monitor and improve the processes of ethical conduct and work closely with all parties responsible for the managing of ethics within the organisation;
- Ensure that performance against these standards and procedures is reported on; and
- Ensure that reported ethical issues be investigated and prosecuted by Internal Audit Services where necessary.

The Ethics and Integrity Committee is proposed to be supported by a group of Departmental Ethics Officers and should consist out of one representative for each Department and Regions. These ethics officers will be responsible for the day to day operations of the ethics programme.

Figure 7: Ethics committee structuring

2.7 Supply Chain Management

The City of Tshwane's Supply Chain Management Policy supports and gives effect to the 2055 programme and the municipal supply chain management regulations. The policy ensures the participation of black people in the mainstream economy of Tshwane and Gauteng. It also ensures that black people own, manage and control successful enterprises through a system that is fair, equitable, transparent, competitive and cost-effective. The policy further supports growth and development of cooperatives through training, procurement opportunities in the form of subcontracting, partnerships and joint ventures between large and small entities doing business with the City.

A competitive bidding process is followed to procure any transaction valued above R30 000 (including VAT) and long-term contracts. The policy does not allow for goods or services with a transaction value of R200 000 (including VAT) to be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process. The Bid Adjudication Committee, which is chaired by an official appointed by the accounting officer, makes the final award on the procurement of a transaction valued above R200 000 and up to R10 000 000.

The Supply Chain Management Division developed a checklist or schedule for 2013/14 to comply with regulations and standards. All tenders follow the checklist, which will also be applied to the quotations.

Table 9: Long-term contracts

Long-term contracts (largest contracts entered into during 2013)					
Name of service provider (entity or municipal department)	**Description of services rendered by the service provider**	**Start date of contract**	**Expiry date of contract**	**Project manager**	**Contract value**
Soshanguve Giant Stadium – Group 5	Construction and renovation	2009	December 2013	Bantu Kekana or Pieter Mouton	R294 000 000
BRT – Sanral	Construction of BRT	2011		SED: IRPTN Lungile Madlala	R504 million
PEU Capital Partners (Pty) Ltd	Security of Revenue Project	1 October 2013	30 September 2023	SED: Service Infrastructure	R0,195 for every R1 collected

2.8 By-laws

The development and review of by-laws are essential for ensuring good governance by the City of Tshwane. By- law enforcement also contributes to community safety. The City develops or revises by-laws annually to address critical service delivery and safety areas. The table below provides information on by-laws developed by the City in the 2011/12 Financial Year.

Table 10: By-laws developed in 2011/12

Name of by-law	Status	Date
Draft Green Buildings By-Law	Requested public inputs	2 September 2011
Draft Special Rating By-Law	Requested public inputs	4 November 2011
Draft Informal Trading By-Law	Requested public inputs	4 November 2011
Property By-Law	Promulgation	23 November 2011
Ward Committee Petitions Public Meetings	Requested public inputs	1 February 2012
Air Quality By-Law	Promulgation	14 March 2012

The table below provides an indication of by-laws developed and/or revised during the 2012/13 Financial Year.

Table 11: By-laws developed and reviewed in 2012/13

By-laws introduced during 2012/13					
Newly developed	**Revised**	**Public participation conducted before adoption of by-law (Yes/No)**	**Date of public participation**	**By-law gazetted* (Yes/No)**	**Date of publication**
	Rules and Orders	Yes	1 November 2012	yes	14/1/2013
	Standard Electricity	Yes	27 October 2012	Yes	7 August 2013
	Credit Control	Yes.	February to May 2012 23 February 2013 13 April 2013	No	No
	Sanitation By-Law	No	No	No	No
	Water Supply	No	No	No	No
	Keeping of Animals, Birds and Poultry	No	No	No	No
	Property Rates	Yes	February to May 2012 February 2013 13 April 2013	yes	20/06/2013
	Ward Committees	Yes (ward committee training)	July to August 2012 15 December 2012 23 March 2013 18 May 2013	No	1/02/2012
	Youth Commission	No	No	No	No
	Way Leaves: Work in Public Road Reserve	No		No	In process: To be promulgated during February 2014
	Annual Tariffs according to Approved Budget	Yes	February to May 2012 13 April 2013	No	20/06/2013
Green Buildings Development		Yes	6 September 2011	No	27/03/2013

By-laws introduced during 2012/13					
Newly developed	**Revised**	**Public participation conducted before adoption of by-law (Yes/No)**	**Date of public participation**	**By-law gazetted* (Yes/No)**	**Date of publication**
Air Quality	Already drafted – Technical Desk Top Review completed: Busy being edited and final amendments	No	No	No	No
Outdoor advertising	Done but referred back by ***Mayco*** for further amendment	Party	Not yet completed	No	No
Management and Control of Hostels or administered by CoT	Technical review was done but need further revision.	Done but referred back	Referred back. Dept. to advise	No	No
Management and control of informal settlements	Technical review was done but need further revision. Housing Dept. to Advise	No	No	No	No
Management and Control of flats owned or administered by CoT	To be combined with Hostels.	No	No	No	No
Wonderboom Airport	Technical review done	First report for public participation to be submitted during Feb/March 2014	No	No	No
Parking Attendants	Done	Done	Done	Yes	4 / 09/ 2013
Fresh Produce Market	Under review (Francois Knowles of Market to advise)	No	No	No	No
Emergency Services	Only a draft for discussion was developed: Still under discussion. Dept. Moira	No	No	No	No

By-laws introduced during 2012/13					
Newly developed	**Revised**	**Public participation conducted before adoption of by-law (Yes/No)**	**Date of public participation**	**By-law gazetted* (Yes/No)**	**Date of publication**
	Maqubela (X 84781)				
Derelict Buildings	Done	No	Done	No	Yes 30/08/2012
*Note: See MSA section 13.					

2.9 Public Satisfaction with Municipal Services

The CoT embarked on a comprehensive service delivery satisfaction evaluation study across all regions in 2013, for the third time since 2009. Given the boundary changes of the CoT and aspiring long-term service improvement, the service evaluation research intends to guide the CoT to strategise, develop visions and policies and mobilise a range of resources to meet its developmental goals.

The 2013 study, in particular, also took the opportunity to review the City's development strategy to accelerate its goal of igniting service excellence. Broadly, the research aimed to support the transformation agenda of the CoT as outlined in Tshwane Vision 2055.

Service evaluation studies are also seen as an ideal platform to engage with stakeholders on how to make better use of developmental local government instruments such as infrastructure provision and collaborative and participatory planning.

2.9.1 Research methodology

The aim of the 2013 study was to conduct a service satisfaction survey among a representative sample of stakeholders (households, businesses and embassies) located within the demarcated area of the CoT.

More specifically, the study aimed to assess the perceptions of residents and businesses about their awareness, usage, satisfaction and expectations with regard to service delivery, governance, development priorities as well as service quality and excellence.

The table below indicates the sample for the survey.

Table 12: Survey sample

Region	Initial sample		Realised sample	
	Total	%	Total	%
1	915	27.7	916	27.5
2	384	11.6	386	11.6
3	662	20.1	670	20.1
4	428	13.0	433	13.0
5	103	3.1	102	3.1
6	684	20.7	696	20.9
7	124	3.8	126	3.8
TOTAL	3 300	100.0	3 329	100.0

The table below indicates the sample size per region for the survey. As can be seen, the sample size was a reflection of the size of the regions of the City of Tshwane.

Table 13: Sample size per region

Region	Number of wards	Wards	Sample size
1	28	2; 4; 9; 11; 12; 19; 20; 21; 22; 24; 25; 26; 27; 29; 30; 31; 32; 33; 34; 35; 36; 37; 39; 88; 89; 90; 94; 98	915
2	12	5; 8; 13; 14; 49; 50; 73; 74; 75; 76; 95; 96	384
3	23	1; 3; 7; 42; 51; 52; 53; 54; 55; 56; 58; 59; 60; 62; 63; 68; 71; 72; 80; 81; 82; 84; 92	662
4	11	48; 57; 61; 64; 65; 66; 69; 70; 77; 78; 79	428
5	3	87; 99; 100	103
6	24	6; 10; 15; 16; 17; 18; 23; 28; 38; 40; 41; 43; 44; 45; 46; 47; 67; 97; 83; 85; 86; 91; 93; 101	684
7	4	102; 103; 104; 105	124
Total	105		3 300

Data collection method

- Telephone (45.1%): This method of data collection was applied to households residing in suburbs and the inner city of Tshwane
- Personal face-to-face (54.9%) interviews: this method of data collection was applied to households residing in formal township areas and informal settlements.

Interviews were concluded during the months of April and May 2013. The interviewer schedule also secured an equal spread of interviews conducted during the day, evenings and weekends

2.9.2 SURVEY RESULTS

This section presents the results of the residents' satisfaction survey. The table below summarises the results of the survey, in relation to the survey methodology.

Table 14: Results of Resident Satisfaction Survey

Resident Satisfaction Survey, 2013				
Subject matter of survey	**Survey method**	**Survey date**	**No of people included in survey**	**Survey results indicating satisfaction or better (%)***
Overall satisfaction with:				
(a) Municipality	Interviews/Questionnaire	April/May 2013	3 300	44,5%
(b) Municipal service delivery	Interviews/Questionnaire	April/May 2013	3 300	41,8%
(c) Mayor	No information	No information	No information	No information
Satisfaction with:				
(a) Refuse collection	Interviews/Questionnaire	April/May 2013	3 300	77%
(b) Road maintenance	Interviews/Questionnaire	April/May 2013	3 300	69%
(c) Electricity supply	Interviews/Questionnaire	April/May 2013	3 300	73%
(d) Water supply	Interviews/Questionnaire	April/May 2013	3 300	76%
(e) Information supplied by Municipality to the public	Interviews/Questionnaire	April/May 2013	3 300	80%
(f) Opportunities for consultation on municipal affairs	Interviews/Questionnaire	April/May 2013	3 300	70%

Resident Satisfaction Survey, 2013				
Subject matter of survey	**Survey method**	**Survey date**	**No of people included in survey**	**Survey results indicating satisfaction or better (%)***
(g) Street lights	Interviews/Questionnaire	April/May 2013	3 300	65,6%
(h) Municipal bus services	Interviews/Questionnaire	April/May 2013	3 300	76,4%
(i) Feeling safe living in Tshwane	Interviews/Questionnaire	April/May 2013	3 300	58,8%
** The percentage indicates the proportion of those surveyed who believed the relevant performance was at least satisfactory.*				

The table below presents feedback on areas of dissatisfaction. As can be seen, the dissatisfaction rate on all core service areas has decreased since the 2009 survey. On electricity, respondents were particularly dissatisfied with the high electricity tariffs and the load/ power shedding of ESKOM. In the area of neighbourhood roads, untarred streets becoming dusty and muddy were advanced by approximately half the dissatisfied respondents, and poor maintenance was advanced by 25.4% of the respondents.

Table 15: Dissatisfaction rates on core services

Core Service	% of dissatisfied households (Scoring less than 6 out of 10)		
	2009	**2011**	**2013**
Electricity	15.9	19.4	12.9
Waste collection	21.5	23.4	6.5
Neighbourhood roads	44.0	21.6	13.7
Sanitation/waste water	16.7	11.4	6.6
Stormwater/drainage	39.4	9.4	5.5
Water provision	16.8	11.9	8.8
Street/public lights	28.2	22.7	20.3

Satisfaction levels of embassies have improved since 2009, with a score of 40% for good or very good service performance in 2009, 55% in 2011, and 60% in 2013. Embassies confidence levels in the City have grown, with scores of 25% (2009), 50% (2011) and 80% (2013).

Customer satisfaction and service delivery remain priorities for the City of Tshwane. To enhance its service delivery, a second call centre in Temba was opened on Friday 28 June 2013. The centre will assist in handling the workload and enhance customer relations in general, improve efficiency, enhance communication and minimise expenses for residents.

The new Temba Call Centre staff received training in computer literacy, products, soft skills and the Batho Pele principles to ensure world class service to customers.

The Monyetla Work Readiness Programme was implemented to ensure that the operators are adequately equipped for the work to be carried out. Through the construction of the Temba Call Centre, the city was able to create decent jobs.

Figure 8: The Executive Mayor opening the new Temba Call Centre

2.9.3 OTHER SURVEYS

The Health and Social Development Department maintains a complaints management system at all clinics. A flow chart showing clinic users how to lodge complaints is visible in all clinics. Locked suggestion boxes

are available in all clinics for patients to deposit their complaints, suggestions or compliments regarding service delivery.

All complaints were resolved successfully during the period under review. A monthly complaint report is compiled to identify trends in complaints and to ensure that remedial action is taken to improve service delivery.

Figure 9: Complaints about City of Tshwane clinics

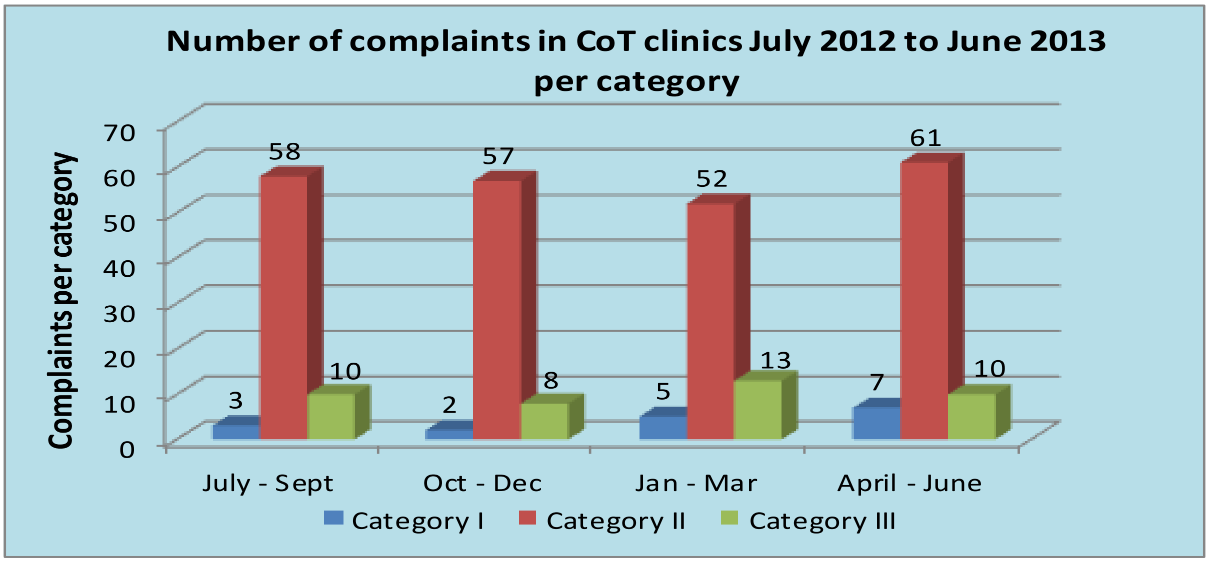
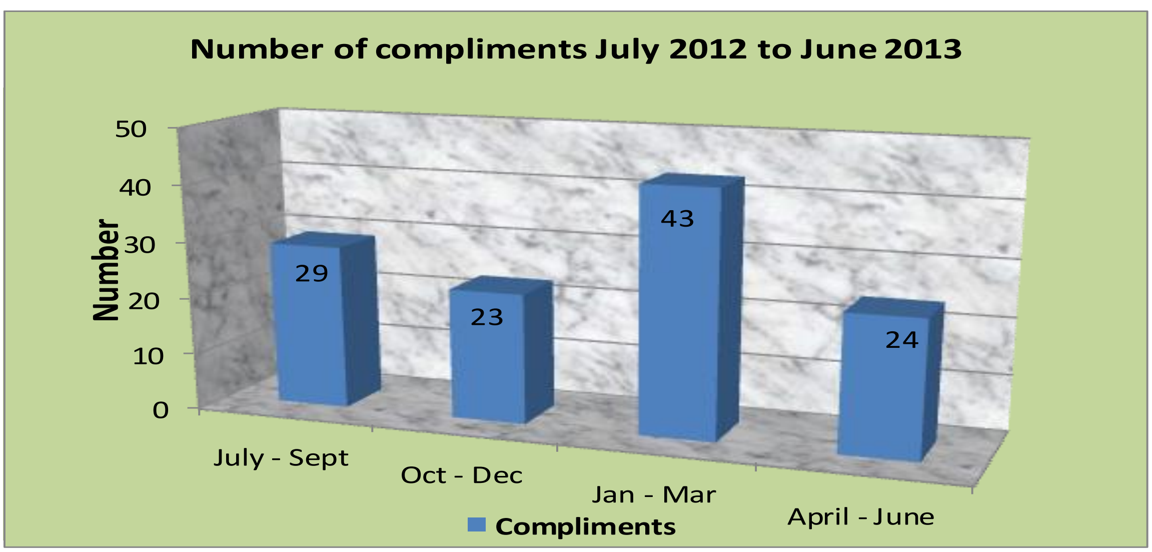


Figure 10: Number of compliments regarding clinics



The annual rating survey of City of Tshwane clinics was conducted from 25 to 29 March 2013. Questionnaires were distributed to the clinics and had to be completed by 10% of the patients who visited

a clinic on a monthly basis. A total of 11 437 questionnaires were distributed, and of these 9 387 (82%) were completed and returned.

The questionnaire sought to obtain clinic users' opinions regarding issues relating to clinic cleanliness, staff attitude and the impression of services rendered. This is in line with the priority areas of the National Core Standards. The satisfaction rate was 93% compared to 89% in 2012. The average satisfaction rate for the 22 City of Tshwane clinics that were surveyed thus improved. The results per category were as follows:

Table 16: Clinic satisfaction ratings

Category	Result
Cleanliness	The overall score for cleanliness improved from 91% in 2012 to 97% in 2013.
Staff attitude	A total of 97% of the respondents perceived the staff to be courteous and respectful, compared to 91% in the previous year.
Services rendered (including waiting times and service hours)	Respondents rated this category at 91%, compared to 88% the previous year.

2.10 New municipal headquarters: Tshwane House

In October 2012 an early works agreement for Tshwane House was signed by the City Manager Mr Jason Ngobeni and Michael van Rooyen the Managing Director of Group Five.

The contract provides for the carrying out of enabling works which include-

- Site handover;
- Salvage operations; and
- Implosions and rubble removal.

The salvage operations include the identification and recovery of heritage items. The handover of the site was done in 2013.

Figure 11: City Manager signing the early works agreement

Munitoria was imploded a few days after the end of the 2012/2013 Financial Year on 7 July 2013 to make room for the new headquarters. The implosion, was the biggest of its kind in the history of the city, and took place without incident.

All precautionary and safety steps were taken to reduce the implosion impact on nearby residents, businesses and the animals in Pretoria Zoo. As a further safety precaution and in accordance with the Safety Regulations Act, the two-block area surrounding the Munitoria building was evacuated prior to the implosion.

The Tshwane House is part of the Tshwane Vision 2055 and the city's systematic regeneration programme of building an inner city of the future. It affirms Tshwane as South Africa's capital City.

The new headquarters will accommodate 1 500 municipal employees and will be the nerve centre of the municipality.


Figure 12: Implosion of Munitoria

3 SERVICE DELIVERY PERFORMANCE

Purpose and Contents

The purpose of this section of the report is to present performance of the city for FY 2012/13. The scorecard component of this section of the report formed the annual performance report that was audited by the Auditor General. The following areas of performance is reported on-

Component A: Basic Services

- The provision of water and sanitation
- Electricity provision
- Waste management
- Housing and related services
- The provision of free basic services and indigent support

Component B: Road Transport

- Provision of roads and stormwater
- Transport services

Component C: Planning and Development

- Land use planning and development applications
- Local economic development and job creation

Component D: Community and Social Services

- Libraries
- Social programmes

Component E: Health

- Clinics
- Provision of primary health care
- Environmental Health
- Ambulance services

Component F: Safety and Security

- Metro Police
- Fire
- Disaster management

Component G: Sports and Recreation

- Sports and recreation

Component H: Corporate policy offices

- Human resource services, property management and fleet

Component I: Organisational performance scorecard

Performance on the IDP and SDBIP targets and strategic objectives

For the year under review, the City had 21 IDP targets and 40 SDBIP targets. The AG report indicates 31 of the 40 SDBIP targets were achieved. However, one additional financial ratio was achieved, as reflected in the financial statements, which is currently not reflected on the AG report, as the AG report was submitted on 13 December 2013 and the financial statements were signed off on 17 December 2013.

Standards levels and backlogs

Standards for the delivery of basic services were approved by the Council. The table below describes the service levels to be provided and the corresponding five-year targets in accordance with the approved first revised IDP.

Table 17: Basic services and service levels

Strategic objective	**Key performance area**	**Service levels**	**Five-year targets**
1 – Provide basic services, roads and storm water systems	Potable water	Full services (house and stand connections)	Formal areas: 100% of households have access to metered stand connections. Informal areas 100% of households in informal areas have access to water through formalisation.
	Sanitation	Full services (waterborne sanitation)	100% of households to have waterborne sanitation by 2016.
	Solid waste removal	Intermediate services (plastic bag waste removal in informal areas) Full services (kerbside removal in formal areas by means of 85 ℓ and 240 ℓ bins)	100% of households in informal settlements receive plastic bag waste removal services.
	Electricity	100 kWh of free electricity to indigent households	100% of households have access to basic electricity.
	Roads	Gravel roads for township establishment and proclamation purposes	30,8% of required roads are provided.

The planning data on households and backlogs in Tshwane have changed over the past two Financial Years. Reasons for the changes include the following:

- Data for Kungwini Local Municipality and Nokeng tsa Taemane Local Municipality were sourced from various sources for the purposes of planning the 2011/2012 IDP, and therefore these were required to be re-assessed.
- Household information for the planning of the 2012/2013 first revised IDP was estimated based on Global Insight data.
- Information from the Housing and Human Settlements Department on informal households changed during the budget adjustment process for the 2012/2013 Financial Year.
- Stats SA released new household and population data during 2013, which was utilised in the planning of the IDP and budget for the 2013–2014 Financial Year.

The shaded areas in the table below indicate results from the 2011 census.

Table 18: Basic statistics and backlogs in Tshwane

Category	2011–2012					2012–2013		2013–2014
	Kungwini	**Nokeng**	**Tshwane, April 2011**	**Tshwane, post-incorporation, May 2011**	**Tshwane, June 2012**	**Mid-term**	**Financial Year end**	**July 2013**
Total households	43 150 h/h	18 389 h/h	686 640 h/h	748 179 h/h	739 885 h/h[7]	686 659 h/h	911 536 h/h	911 536 h/h
Total population	124 011	49 389	2 345 908	2 519 308	Unknown	Unknown	2,9 million	2,9 million
Water backlog: Households with sub-basic or RDP-level service	13 065 h/h	16 416 h/h	Informal areas (69 987 h/h)	99 468 h/h	198 273 h/h	145 047 informal h/h	99 175h/h	99 175 h/h
Sanitation backlog: Households with sub-basic or RDP-level service	13 065 h/h	16 416 h/h	Informal areas (69 987 h/h)	99 468 h/h	198 273 h/h	145 047 informal h/h	212 299 h/h	212 299 h/h

[7] Based on Global Insight calculations.

Category	2011–2012					2012–2013		2013–2014
	Kungwini	**Nokeng**	**Tshwane, April 2011**	**Tshwane, post-incorporation, May 2011**	**Tshwane, June 2012**	**Mid-term**	**Financial Year end**	**July 2013**
Number of registered indigent households	1 587 h/h	870 h/h	82 100 h/h	84 557 h/h	89 666 h/h[8]	92 475 h/h	97 486 h/h[9]	97 486 h/h
Number of informal households	13 065 h/h	16 416 h/h	69 987 h/h	99 468 h/h	198 273 h/h[10]	145 047 h/h	104 000	104 000 h/h

Treatment of National key performance indicators

The approved IDP for 2011 to 2016 for the 2011/12 Financial Year highlighted the following with regard to national key performance indicators (NKPIs):

> "In response to the Municipal Planning and Performance Management Regulations, 2001, the CoT has integrated applicable NKPIs as defined in the regulation of the Municipal Systems Act into the IDP. It must be noted that some are outdated and require a review and amendment of the regulations; for example the indicator below:
>
> % of households earning below R1100 per month with access to free basic services.
>
> In relation to the above, the CoT has in the past few years increased the threshold amount to twice the state pension, to take into consideration poverty levels and broaden access to free basic services to all households who are registered as indigent.
>
> In the case of the NKPI- % of households that have access to basic services, the CoT has differentiated between the various basic services (water, sanitation, electricity and solid waste removal), as well as begun differentiating between the levels of service offered"[11]

Chapter 5 of the first revised IDP also defined compulsory SDBIP indicators and targets in order to address operational NKPIs and to ensure that the SDBIP aligns with the IDP. The table below explains the relationship between the City's indicators and the NKPIs.

[8] This is a corrected figure based on the AG audit and replaces previous erroneously reported figures, which had not taken into consideration households in the former Metsweding area that did not qualify to be on the indigent register, but that had been registered as indigent in the former Metsweding and its local municipalities. The City of Tshwane policy does not classify owners of more than one property as indigent.
[9] Made up of 89 666 at the end of the 2011/12 Financial Year, minus 2 634 households that were exited, plus 10 454 households that were new registrations as at 30 June 2013. An additional 1 830 households were registrations completed during July and they are not added here.
[10] In total, 8 894 households received services in informal areas that were awaiting township proclamation. Hence they were excluded from the number of informal households listed.
[11] Chapter 6.3.2.1 Measure – Key Performance Indicators and Targets

Table 19: City of Tshwane indicators and NKPIs

NKPI	City of Tshwane indicator	Location
Percentage of households with access to basic levels of water, sanitation, electricity and solid waste removal	1(a) Percentage of households in informal areas with access to intermediate levels of solid waste removal	IDP
	1(d) Percentage of households with access to basic electricity	IDP
	1(e) Percentage of households with a metered stand water connection (formalised areas)	IDP
	1(f) Percentage of households in informal areas that have access to water through formalisation	IDP
	1(g) Percentage of households with access to waterborne sanitation	IDP
Number of jobs created through the municipality's LED initiatives, including capital projects	2(a)i Number of job opportunities created through EPWP initiatives	SDBIP
Percentage of a municipality's capital budget actually spent on capital projects	6(a)xv Percentage of capex spent	SDBIP
Percentage of municipality's budget actually spent on implementing its workplace skills plan	7(a)i Percentage of remuneration budget spend on implementing the workplace skills plan	SDBIP
Percentage of households earning less than R1 100 per month with access to free basic services	3(b) Percentage of registered indigents receiving free basic services	IDP
Percentage of employees from previously disadvantaged groups appointed in the three highest levels of management according to the approved EE Plan	7(a)iv Percentage of employees from previously disadvantaged groups appointed in the three highest levels of management in accordance with the approved EE Plan	SDBIP

NKPI	City of Tshwane indicator	Location
Financial viability as expressed by: Debt coverage A=(B-C)/D Outstanding service debtors to revenue A= B/C Cost coverage A= (B+C)/D	6(a)iv Percentage debt coverage 6(a)v Percentage service debtors to revenue 6(a)iii Percentage cost coverage	SDBIP

Summary of Achievements

The table below provides comparative information per strategic objective on service delivery outputs for the 2011/2012 and 2012/2013 Financial Years. Further details on the performance per KPA on the IDP and SDBIP may be found later in this chapter as reporting against the scorecard.

Table 20: Service delivery achievements

Strategic objective	Achievements 2011/12	Achievements 2012/13
Provide basic services, roads and storm water systems	• 80 132 households in informal areas received plastic bag waste removal services. • 9 415 households benefitted from the formalisation programme. • 18 268 households received electricity connections in formalised areas. • 2 339 households received full waterborne sanitation connections. • 57 km of storm water drainage and 33 km of roads were provided.	• An average of 131 237 households in informal areas received plastic bag waste removal services. • 7 informal settlements were formalised. • 6 106 electricity connections were provided in formal areas. • 14 915 electricity connections were provided to address backlogs. • 49 468 prepaid meters were installed. • 9 845 water connections were provided in informal areas. • 9 845 sanitation connections were provided in informal areas. • 62 km of roads were provided. • 71 km of storm water drainage were provided. • 1 700 UDS sanitation devices were provided in Winterveld.

Strategic objective	Achievements 2011/12	Achievements 2012/13
Economic growth and development and job creation	• 23 397 jobs were created. • Applications were submitted to access the jobs fund. This is anticipated to assist with our job creation focus for the remainder of the five-year term.	• 20 386 EPWP job opportunities were created. • 1 505 jobs were created. • R2 billion of investment in Tshwane was secured. • 60 fresh produce entrepreneurs were supported.
Sustainable communities with a clean, healthy and safe environment	• 89 666 indigent households received access to free basic services, which consisted of 100 kWh electricity and 12 kℓ water. • 1 307 indigent households were linked to exit interventions that provided work and training opportunities to indigent households, and thereby supported the restoration of dignity to poor households. • 98% child immunisation coverage was achieved. • 100% implementation of the PMTCT programme.	• 10 454 newly registered indigent households received free basic services. • 2 078 indigent households were exited from the indigent register due to the indigent support and exit programme. • All fixed clinics implemented the PMTCT programme. • 91% of pregnant women were tested for HIV. • 95% of child immunisation coverage for children under 1 year was achieved. • 2 library facilities were developed. • 1 sports facility was developed.
Promote participatory democracy and Batho Pele	• Ward committee elections took place and ward committees were appointed. • Intensive outreach processes took place on the IDP and on the development of Tshwane 2055. Further outreach is planned to seek public input on the TGDS 2055. • A customer service environmental audit was completed in Regions 5 and 7 and will guide improved customer care in those regions.	• 105 ward committees were trained in 20 training interventions. • All ward committees met as planned.

The following sections provide progress on service delivery per functional area and on the approved scorecard for the City.

COMPONENT A: BASIC SERVICES

This component of the report presents progress information on water and sanitation, electricity, waste, housing and the provision of free basic services. Performance on the IDP and SDBIP targets related to these areas of service delivery may be found in Component I of this report.

3.1 WATER AND SANITATION

The provision of water and sanitation is done by The Services Infrastructure department, and by the Sandspruit Works Association, an entity of the City of Tshwane. The Department of Housing and Human Settlements provides water connections and sanitation connections through the formalisation process, and the work of this department is reported under the section on Housing in this report.

The Sandspruit Works Association currently undertakes the provision of water and sanitation services function in the northern region of the City of Tshwane Metropolitan Municipality (CTMM) and thus have the function of a Water Services Provider (WSP) in terms of the Water Services Act (Act 108 of 1997). The supply area of Sandspruit Works Association includes Ga-Rankuwa; Mabopane and Winterveldt. The principal activity of the company is to develop, prepare, install and maintain water and sanitation services and related services to these designated areas. It also fulfils the complete Operations, Financial, Marketing and Human resources and Legal functions.

Sandspruit Works Association is a Section 21 Entity, and with effect from the 1st of July 2005, it became a Business Enterprise of the City of Tshwane Metropolitan Municipality. The City of Tshwane is currently in the process to convert the company into a municipal entity of the City of Tshwane Metropolitan Municipality. Depending on how the process unfolds, the relationship between the CTMM and SWA could either be regulated through a Water Services Agreement (WSP Agreement) or a Service Level Agreement (SLA).

The legislative framework within which water supply and sanitation services takes place is mainly provided by the Water Services Act (Act 108 of 1997) (WSA Act).

The Water Services Act derives its mandate from Section 27 of the Bill of Rights in the Constitution. This section of the constitution provides, among other rights, that everyone has the right to have access to sufficient food and water. One of the main objectives of the Water Services Act is thus, to provide for the right of access to basic water supply and to basic sanitation.

The Water Services Act provides that every water services authority must -

- Ensure access to efficient, affordable, economical and sustainable access to water services for all consumers;
- Develop and approve bylaws; and
- Prepare a water services development plan.

The City of Tshwane has a huge water and sanitation infrastructure. It is therefore of utmost importance that the existing infrastructure is operated and maintained in an effective an efficient manner. During the past two Financial Years, project delays were experienced, mainly due to the following:

- Excessive ground water due to heavy rainfall
- Late delivery of pipes
- Community unrest

Operating and maintaining the City's existing infrastructure is crucially important. Tshwane experiences major growth and development at a rapid pace, which broadens its tax base. This growth and development greatly impacts on the required operation and maintenance responsibilities and capabilities of water and sanitation infrastructure.

The rate of development constantly results in new and additional infrastructure being taken over as municipal infrastructure, which results in increased demand for operations and maintenance on a sustainable basis. Service delivery and quality of service are influenced by insufficient resources being allocated to preventative maintenance, or it being neglected or not attended to at all. The bulk infrastructure for water and sanitation in Tshwane requires major investment over the next five years. Tshwane's healthy growth rate is a continuing factor that influences the demand for bulk services. The backlog eradication initiative added the equivalent of 10 years' growth in additional demand by 2010, putting pressure on the waste water treatments works in the City.

The table below (in section 3.1.1) presents the capital expenditure on water and sanitation by the Service Infrastructure Department for the 2012/2013 Financial Year.

3.1.1 Water Provision

Providing water is the responsibility of two key departments in the City of Tshwane, the Housing and Human Settlements Department and the Service Infrastructure Department (Water and Sanitation Division). The Housing and Human Settlements Department predominantly provides household connections through the formalisation process in order to address informal settlements. The Service Infrastructure Department ensures the following:

- That there is an adequate supply of bulk water on a continuous basis that is delivered in an economic, effective and efficient manner, and at an acceptable quality and price to satisfy the needs of our clients.
- That potable water is distributed in a sustainable, effective and efficient manner to the satisfaction of our clients, stakeholders and communities in accordance with their expressed needs.

- That there is improved access to water (and sanitation) facilities to satisfy the essential needs of water consumers in Tshwane by means of effective and efficient planning and implementation of new water (and sanitation) infrastructure.

The water provision function is currently undertaken by Sandspruit Works Association on behalf of CoT. The water services provision functions currently undertaken by SWA include the following:

- Daily operations;
- Maintenance;
- Customer relations;
- Health and hygiene promotion;
- Contract management;
- Financial management;
- Planning;
- Monitoring and reporting;
- Training and development of staff;
- Human resource management; and
- Network system.

The areas in which SWA provides the water services functions on behalf of the CoT are-

URBAN:

- Garankuwa;
- Mabopane; and
- Winterveldt

INFORMAL SETTLEMENTS:

- Kopanong / Thusanang, Winterveldt, A Informal and EW Informal;
- Units 20, 21 and 22;Ga-Tsebe

The following table summarises provision of water services by the Service Infrastructure Department.

Table 21: Provision of water services

Indicator or service	Five-year plan (2000–2006)		Five-year plan (2006–2011)		Five-year plan (2011–2016)		Total to date
	Target	Actual	Target	Actual	Target	Actual	
New water meter connections (consumer applications)	16 000	20 639	21 000	18 571	15 000	10 857	50 067
Water backlog (number)	-	-	23 578	25 761	15 312	1 319	27 080
New water infrastructure (meter, bulk and network)	24 300 m	37 356 m	142 816 m	246 317 m	289 099 m	238 578 m	522 251 m
Water infrastructure upgraded (meter, bulk and network)	132 090 m	216 341 m	857 917 m	813 688 m	253 437 m	243 420 m	1 273 449 m

3.1.1.1 New connections and backlog eradication

Two different functions or services contribute to the indicator "Percentage of households with a metered stand water connection (formalised areas)", which is, water meter connections applied for by consumers and the water meter connections being installed as part of the backlog eradication programme.

The connections applied for by consumers when building a house or dwelling on an empty stand in an established area is measured by the indicator "Total number of households provided with a metered stand connection in old township areas". These applications are demand-driven and cannot be predicted. According to the history and trends of these applications, the City installed 50 067 new water meter connections from July 2003 until October 2013 as follows:

2003/04: 6 985
2004/05: 9 472
2005/06: 4 182
2006/07: 5 480
2007/08: 5 488
2008/09: 2 663
2009/10: 2 023
2010/11: 2 917
2011/12: 2 547
2012/13: 3 260

A stand is fully serviced when it is capable of being connected to full water services. It is the responsibility of the tenant of a stand to complete administrative procedures in order to obtain a metered connection. This enables the consumer to be registered on the billing system, thus ensuring revenue for the City.

With upgrade projects, the installation of the metered connection is part of the construction contract, but it only takes place after the administrative procedures. The backlog for any stand or group of stands is eradicated when a full service metered connection is possible. The backlog for a stand in a fully serviced area is eradicated whether a metered connection to the stand has been made or not. Therefore, if a suburb newly supplied with full service water reticulation consist of 2 100 stands, the KPI for backlog eradication will record 2 100 fully serviced stands.

The national water backlog target was achieved in December 2008, but the upgrade of basic services to full service levels is necessary to eradicate sanitation backlogs by installing waterborne sanitation. The City treats this as a backlog because the basic service is inadequate to operate waterborne sanitation.

The table below provides a breakdown of achievements since 2006 with regard to "backlog" eradication, which is, upgrading from basic to full service.

Table 22: Upgrade of water connections from basic to full services

KPI	Five -year programme target (2006–2011)	Five -year achievement (2006–2011)	Five-year programme target (2011–2016)	Achievement to date (2011–2013)
Number of full service metered connections installed (backlogs)	**Five-year target: 23 578** 2006/07: 1 816 2007/08: 5 624 2008/09: 12 293 2009/10: 3 155 2010/11: 690	**Achieved: 25 761** 2006/07: 942 2007/08: 11 168 2008/09: 6 794 2009/10: 6 857 2010/11: 0	**Five-year target: 15 312** 2011/12: 787 2012/13: 180 (967) 2013/14: 6 905 2014/15: 6 040 2015/16: 1 400	**Achieved: 1 319** 2011/12: 787 2012/13: 325

3.1.1.2 THE PROVISION OF BULK AND UPGRADE OF INFRASTRUCTURE

The Service Infrastructure Department installed the following numbers of new bulk and internal water network pipelines in various wards in Tshwane:

2006/07: 8 262
2007/08: 39 159
2008/09: 128 766
2009/10: 44 590
2010/11: 25 540
2011/12: 59 252
2012/13: 115 404

A total of 1 273 km of water pipes have been upgraded in Tshwane since 2004. The table below provides a breakdown of water infrastructure upgraded since 2006.

Table 23: Water infrastructure upgraded (meter and bulk network)

Five-year plan (2006–2011)	Five-year achievement (2006–2011)	Three-year programme target (2011–2016)	Three-year achievement (2011–2013)
Target: 857 917	**Achieved: 813 688**	**Target: 253 437**	**Achieved: 243 420**
2006/07: 65 616	2006/07: 102 454	2011/12: 38 950	2011/12: 67 549
2007/08: 364 095	2007/08: 297 471	2012/13: 133 747	2012/13: 147 207
2008/09: 260 266	2008/09: 211 423	2013/14: 80 740	2013/14: 28 664
2009/10: 82 646	2009/10: 101 674		
2010/11: 85 294	2010/11: 100 666		

3.1.1.3 PROVISION OF WATER SUPPLY TO MEET GROWING DEMAND

The City of Tshwane has an extensive monitoring programme which includes process and final water from water treatment plants and raw and final water from all springs and boreholes currently in use for potable water in Tshwane. The monitoring programme is designed to include all critical points in the system, including tap samples (point of use), distribution network samples, reservoirs and raw and final water samples from water treatment works as well as from catchment areas, boreholes and springs. Three full-time water sample collectors are currently used to ensure that all these samples are taken at the correct frequency and with the correct sampling technique.

The samples are analysed at the Rietvlei Drinking Water Laboratory, which completes about 9 000 analyses per month. The laboratory is currently being extended, and following that it will work to become an accredited facility. The laboratory is capable of analysing about 90% of all the requirements of the SANS 241 drinking water specification. Analyses that cannot be performed in-house include those for viruses, protozoan parasites such as cryptosporidium and giardia, and mercury and cyanide. Analysis for these is by an external accredited laboratory.

The Department of Water and the Environmental Affairs initiated the Blue Drop certification programme which evaluates the respective town or city on drinking water systems, from catchment to the consumer. To qualify for Blue Drop status, municipalities are required to comply with at least 95% of the weighted assessment criteria. The City of Tshwane received a Blue Drop score of 95% in the 2009–2010 Financial Year, which implies that the City is capable of sustaining safe quality for water supply and will act responsibly when deviations in the tap water quality are detected through continuous operational and compliance monitoring. The Rietvlei Water Treatment Works received the award for being the Most Presentable Medium-sized Water Treatment Works in 2009.

The results of the water quality monitoring programme must comply with the requirements of the latest version of SANS 241:2006 specification for drinking water. The water supplied in the drinking water services system must be classified as "Excellent" according to the latest version of SANS 241:2006. The City of Tshwane has complied and been classified as "Excellent" for the last two years.

> "*The City of Tshwane did extremely well during the 2012 Blue Drop audit and even more remarkable so in how water supply systems that previously resided under Kungwini and Nokeng Local Municipalities improved under its authority within such a short time frame. The water service authority took its number of Blue Drop Certified systems from 2 to 4. But there is still ample room for improvement. The water supply systems are well managed and with the assistance of Magalies Water as well as Rand Water, drinking water of good quality is provided to the Tshwane community*."[12]

The table below provides comparative information on the Blue Drop assessment scores.

Table 24: Feedback on Blue Drop scores

Performance area	Tshwane Central and South (Rietvlei)	Nokeng	North Tshwane (Roodeplaat)	Temba	CBD (Findley)	Bronkhorstspruit	Bronkhorstsbaai	Summer Place
2010 Blue Drop score	96,36%	61,25%	96,36%	96,36%	96,36%	41,25%	19,50%	Not Assessed
2011 Blue Drop score	97,22%	83,01%						
95,48%	82,35%	92,22%	81,24%					
66,99%	Not Assessed							
2012 Blue Drop score								
99,20%	90,75%	96,88%	93,50%	97,02%	95,33%	78,07%		
2013 Blue Drop (estimate)	99,50%	95,00%	97,00%	97,00%	98,00%	97,00%	95,00%	80,00%

[12] Feedback from the Blue Drop assessment

Performance area	Tshwane Central and South (Rietvlei)	Nokeng	North Tshwane (Roodeplaat)	Temba	CBD (Findley)	Bronkhorstspruit	Bronkhorstsbaai	Summer Place
System design capacity: Mℓ per day	40	14	60	60	40	54	1	1
Operational capacity (percentage in terms of design)	92,50%	69%	75%	92%	94%	93%	100%	91%
Population served	1 193 194	63 595	643 860	500 875	5 000	121 228	2 000	500
Water safety planning (percentage)	97%	84%	97%	97%	97%	97%	90%	84%
Treatment process management	100%	93%	100%	100%	75%	85%	51%	36%
DWQ compliance	100%	100%	100%	86%	100%	100%	62%	18%
Microbiological compliance (percentage)	99,90%	97,20%	99,20%	98,60%	99,90%	99,90%	94,30%	87,50%
Chemical compliance (percentage)	99,90%	99,90%	99,90%	99,90%	99,90%	99,90%	99,10%	95,10%

3.1.1.4 REDUCTION OF UNACCOUNTED FOR WATER

The City of Tshwane has been actively engaged in water conservation/water demand management (WC/WDM) for a number of years. In this regard, the City has drafted its first WC/WDM strategy in 2008 which was followed by implementing a number of successful initiatives over the last few years.

In terms of the Strategic Framework for Water Services of the Department of Water Affairs, the municipality must develop and implement a water demand management strategy (WDMS). An important contributor to the WDMS is reducing non-revenue water (NRW), which includes real losses, apparent losses and unbilled authorised consumption.

Water demand initiatives to reduce the NRW are influenced by operational and maintenance issues such as the efficiency of leak repairs, response times to complaints, reservoir control, external call centre efficiencies, capital projects that aim to replace networks, water awareness projects, staffing, vehicles and resources, material procurement and so on.

Due to insufficient budget (R4,5 million per year for specific water loss projects) the Service Infrastructure Department has focused on initiatives that have a large impact on water demand or conservation but that do not require excessive expenditure. These initiatives primarily relate to pressure management, meter audits, meter replacements, logging of flows and pressures, and zonal analysis.

During the 2012/2013 Financial Year, NRW was reduced to 23,6% as a result of implementing a water conservation and demand management strategy.

3.1.1.5 CAPITAL EXPENDITURE WATER AND SANITATION SERVICES

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
SI: Water	Township Water Services Dev.: Tshwane Contributions	9.710022.1.001	-	-	1	-
SI: Water	Township Water Services Dev.: Tshwane Contributions	9.710022.1.015	-	4,900,000	6,081,600	4,460,711
SI: Water	Township Water Services Dev.: Tshwane Contributions	9.710022.1.016	3,000,000	3,000,000	3,000,000	3,473,433
SI: Water	Lengthening of Network and Supply Pipelines	9.710023.1.001	2,100,000	2,100,000	2,100,000	2,099,765
SI: Water	Lengthening of Network and Supply Pipelines	9.710023.1.016	2,900,000	2,900,000	2,900,000	2,899,979
SI: Water	Upgrading of Networks where Difficulties Exist	9.710024.1.001	3,000,000	-	-	-
SI: Water	Upgrading of Networks where Difficulties Exist	9.710024.1.015		3,000,000	3,000,000	2,982,246
SI: Water	Water Supply to Agricultural Holdings	9.710025.1.001	2,000,000	3,000,000	3,000,000	4,493,780
SI: Water	Water Supply to Agricultural Holdings	9.710025.1.015		1,500,000	1,500,000	1,484,349
SI: Water	Water Supply to Agricultural Holdings	9.710025.1.016	-	-	1,500,000	-
SI: Water	Replacement of Worn Out Network Pipes	9.710026.1.015	45,000,000	45,000,000	45,000,000	44,993,458
SI: Water	Replacement, Upgrade, Construct Wwtw Facilities	9.710411.1.001	328,777	328,777	328,777	314,531
SI: Water	Replacement, Upgrade, Construct Wwtw Facilities	9.710411.1.005	88,537,753	88,537,753	88,537,753	88,537,751
SI: Water	Replacement, Upgrade, Construct Wwtw Facilities	9.710411.1.015	309,952,371	271,012,118	271,012,118	265,928,462
SI: Water	Refurbishing of Water Networks and Backlog Eradication	9.710878.2.005	245,565,441	238,565,441	238,565,441	226,575,083
SI: Water	Refurbishing of Water Networks and Backlog Eradication	9.710878.2.015	81,470,843	35,515,843	35,515,843	30,086,426
SI: Water	Pipe Reinforcement Klipgat/Mabopane/Winterveld	9.711331.2.001	8,000,000	-	-	-
SI: Water	Pipe Reinforcement Klipgat/Mabopane/Winterveld	9.711331.2.015	-	15,000,000	15,000,000	11,826,819
SI: Water	Replacement and Upgrading: Redundant Bulk Pipeline Infrastructure	9.711335.1.015	53,540,000	72,421,000	72,421,000	70,143,910
SI: Water	Garsfontein Pipe Reinforcement	9.711345.2.001	1,000,000	-	-	-
SI: Water	Garsfontein Pipe Reinforcement	9.711345.2.015	-	2,500,000	2,500,000	928,748
SI: Water	Reduction Water Losses: Water Networks	9.711542.1.016	4,500,000	4,500,000	4,500,000	3,886,190
SI: Water	Purification Plant Upgrades (Roodeplaat)	9.711921.1.001	-	-	-	-2,928,863
SI: Water	Purification Plant Upgrades (Roodeplaat)	9.711921.1.015	6,350,000	14,974,000	14,974,000	13,395,804
SI: Water	Moreletaspruit: Outfall Sewer	9.712121.1.015	31,500,000	26,500,000	26,500,000	25,798,203

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
SI: Water	Construction of New Water Depots	9.712124.1.015	3,000,000	3,000,000	3,000,000	163,187
SI: Water	Blk + Reservoir - Babelegi	9.712142.1.005	-	2,500,000	2,500,000	1,532,601
SI: Water	Blk + Reservoir - Babelegi	9.712142.1.015	2,000,000	2,000,000	2,000,000	1,920,527
SI: Water	Reservoir Extensions	9.712534.1.015	55,222,930	35,821,450	35,821,450	35,796,278
SI: Water	Sewer House Connections- Steve Bikoville	9.712874.1.001	1,000,000	-	-	-
SI: Water	Bulk Sewer Supply- Franspoort	9.712876.1.005	4,000,000	4,000,000	4,000,000	4,000,000

3.1.2 WASTE WATER (SANITATION PROVISION)

The City of Tshwane strives to improve waterborne sanitation. Although this component on the City's scorecard indicates that not all sanitation targets were realised, it is important to note the progress made to achieve sanitation targets, most of which, in this Financial Year, relates to providing pipelines.

Key objectives regarding the provision of a waste water service include the following:

- The recovery and treatment of waste water in an effective and efficient manner, and the disposal of all by-products from treatment processes in accordance with legally prescribed standards to prevent pollution of the environment.
- Improving customer satisfaction through professional education, development, promotion and communication about the provision of water and sanitation services and the effective utilisation of water services.

The table below summarises achievements with regard to sanitation provision.

Table 25: Sanitation provision

Indicator or service	Five-year plan (2000–2006)		Five-ear plan (2006–2011)		Five-year plan (2011–2016)		Total for year to date
	Target	Actual	Target	Actual	Target	Actual	
Sanitation backlog (number)	-	-	13 852	9 516	12 823	4 647	14 163
New sanitation infrastructure (meter, bulk and network)	44 439 m	38 106 m	104 869 m	37 869 m	63 581 m	80 357 m	156 332 m
Sewer infrastructure upgraded (meter, bulk and network)	23 578 m	25 761 m	159 720 m	140 029 m	74 769 m	82 397 m	248 187 m

3.1.2.1 BACKLOG ERADICATION

From 2006 until the end of June 2011, the Service Infrastructure Department (Water and Sanitation Division) provided 9 516 household stands with a sanitation service to eradicate the backlog of 13 852. The main reasons for not achieving the five-year target is because sewer reticulation for Wards 73 and 74 in Ramotse, Marokolong and Kudube Unit 9 in the North-west Region had to be redesigned and the installations planned for Ward 14 – Stinkwater Unit A could not be installed before all the network pipes were completed. From July 2011 until the end of June 2013, a total of 4 647 households received sanitation services.

The table below details the provision of sanitation services by the Service Infrastructure Department.

Table 26: Sanitation services achievement since 2006

Five-year programme target (2006–2011)	Five -year achievement (2006–2011)	Five -year programme target (2011–2016)	Achievement to date (2011–2013)
Five-year target: 13 852 2006/07: 963 2007/08: 3 311 2008/09: 3 374 2009/10: 2 609 2010/11: 3 595	**Total achieved: 9 516** 2006/07: 1 473 2007/08: 1 217 2008/09: 2 463 2009/10: 2 446 2010/11: 1 917	**Five-year target: 12 823** 2011/12: 3 228 2012/13: 2 787 2013/14: 3 608 2014/15: 1 000 2015/16: 2 200	**Total achieved: 4 647** 2011/12: 2 005 2012/13: 1 700 2013/14: 942 (Sept 2013)

The sanitation backlog eradication process may be described as follows:

- The backlog areas were identified, the status quo of the level of services was determined and the actual backlogs were quantified.
- The infrastructure constraints were evaluated.
- The additional infrastructure required was defined and planned.
- The appropriate service option was selected per area.
- The projects were registered as IDP projects and funding was requested.
- Construction proceeded as allowed by funding.

The prerequisites for providing waterborne sanitation are the following:

- Full service water supply (metered connections per stand)
- Formalised layout (SG plan) of *in situ* formalised areas
- Bulk sanitation infrastructure (waste water treatment works and large collector pump stations)
- Sewer reticulation
- Funding

The proposed 2011/2016 MTREF funding is insufficient to meet the ideal of waterborne sanitation in line with the national targets. The projects required to provide the required infrastructure are scheduled as allowed by the available funding. Waterborne sanitation for all is not likely to be achieved before the 2016/2017 Financial Year, although the City is making every effort to source and prioritise funding for this objective.

On 5 May 2010, the Mayoral Committee approved the provision of alternative basic sanitation as an interim service to residents waiting for waterborne sanitation. The UDS on-site dry sanitation system has been made available. Residents have the right to choose this option as an interim service, or to decline and continue to use pit latrines until waterborne sanitation is implemented. Should sufficient residents make use of this option; the December 2014 target for sanitation can be achieved.

The process to upgrade services from basic to full waterborne sanitation is implemented through capital projects. It is important for consumers to pay for both water used and sewage collected. The bill for sewage collected is derived from measured water consumption. The sanitation backlog eradication projects make provision for a connection to the sewer reticulation and the supply of a toilet top

structure at no cost to the tenant. Use of the flush toilet will only be sustainable with a metered water supply connection.

Once reticulation has been completed and connection of toilets to the system is possible, the backlog will be eradicated, because the stands are serviced. As a rule, the installation of full service water supply precedes the installation of the sewer reticulation; therefore the metered connection will be in place by the time the toilet is erected.

3.1.2.2 NEW BULK INFRASTRUCTURE AND UPGRADES

Work on the main bulk infrastructure to be provided commenced in the 2012/2013 Financial Year and is scheduled to be completed in the 2013/2014 Financial Year. The main components are the following:

- Temba Water Purification Plant extension
- Temba Waste Water Treatment Works extension
- New Eersterus/Stinkwater Sewage Pump Station and pipeline

A total of 21 630 m new sanitation infrastructure (bulk and network pipes) is scheduled to be installed in the 2013/2014 Financial Year.

A total of 248 km of sanitation pipes have been upgraded in Tshwane since 2004. The table below details sanitation infrastructure upgraded since 2006.

Table 27: Sanitation infrastructure upgraded (meter, bulk and network)

Five-year plan (2006–2011)	Five-year achievement (2006–2011)	Three-year programme target (2011–2016)	Three-year achievement (2011–2013)
Target: 159 720 2006/07: 21 943 2007/08: 67 284 2008/09: 31 160 2009/10: 10 533 2010/11: 28 800	**Achieved: 140 029** 2006/07: 26 892 2007/08: 54 022 2008/09: 21 711 2009/10: 3 794 2010/11: 33 610	**Target: 74 769** 2011/12: 38 809 2012/13: 33 938 2013/14: 2 022	**Achieved: 82 397** 2011/12: 44 393 2012/13: 34 464 2013/14: 3 540

3.1.2.3 EFFLUENT QUALITY ACCORDING TO NATIONAL STANDARDS

The urgency of improving the quality of effluent discharged into our rivers and the shift in focus by the Department of Water Affairs and Forestry (DWAF) to strict regulation requires upgrade and extension of all WWTWs. Many of the bulk conveyance components are under pressure and additional capacity must be created to avoid spilling raw sewage into rivers and streets. The City depends heavily on potable

water supplied by the Rand Water Board. The Vaal River Demand Management Strategy of the DWAF envisions a reduction of 30% in the demand from Vaal system consumers by 2013.

A growing city cannot achieve this unless other water sources can be found. The rivers in Tshwane receive treated return flow from its WWTWs. This is a source that must be utilised. Extensions to existing water purification plants (WPPs) and the construction of new WPPs will enable the City to meet the DWAF's reduction target of 30%.

The first WWTW in Tshwane was built in 1917 at the Daspoort WWTW site, and it is still in operation. The other WWTWs were built from the 1950s onwards. The older WWTWs have certain shortcomings in terms of their nutrient removal capabilities. As the technology for wastewater treatment improve, the standards for effluent quality become stricter and the volume of waste water generated increases. These WWTWs need major repair and maintenance work, upgrading work, and extension of treatment capacity.

As the flow to the WWTWs increase, so does the volume of wastewater sludge. In the past, with lower volumes of wastewater sludge, it was still possible to dispose of the sludge by irrigation on dedicated sludge lands. The City of Tshwane has to address the sludge disposal methods according to the sludge disposal guidelines supported by the Department of Water and Environmental Affairs (DWAE) to prevent further ground water pollution and to reduce complaints about obnoxious odours.

The City of Tshwane has to comply with the stricter effluent standards set by the DWAE, not only because it is a legal requirement, but also due to the City's obligation to protect its water resources from eutrophication (hyacinths and blue-green algae).

Sunderland Ridge WWTW:
(Average inflow of 71,3 Mℓ per day)

Babelegi WWTW:
(Average inflow of 1,9 Mℓ per day)

Figure 13: Sunderland Ridge and Babelegi WWTW

3.2 ELECTRICITY

The City indicated its intention in the 2012/2013 IDP to ensure that all communities have access to basic services. One of the key basic services is access to electricity. The key objectives related to electricity provision include the following:

- Providing new bulk infrastructure
- Maintaining existing bulk infrastructure
- Ensuring that NRS 047 and 048 standards are achieved
- Providing communal lighting such as street lights and high masts
- Rolling out alternate energy sources such as solar geysers
- Providing infrastructure for prepaid electricity

The following levels of service are provided:

- Formalised (unproclaimed) townships receive 20 ampere prepaid meter boxes and ready board life-line connections free of charge.
- 100 kWh of free energy is provided to indigents in all regions.
- A combination of underground medium-voltage (MV) and overhead low-voltage (LV) networks are provided throughout Tshwane.
- High masts are installed in high-crime areas, open spaces, parks and public facilities such as metro rail stations and taxi ranks.
- Street lights are installed on main bus routes and streets that are not illuminated with high masts.
- The city subscribes to the NRS 048 and NRS 047 service standards.
- The city achieved 78% and 64% respectively for both NRS service standards.

The table below summarises performance against energy and electricity key performance areas.

Table 28: KPA performance energy and electricity

KPA	KPI	Five-year programme target	Actual 2012/2013	Comments or corrective actions
Electricity	Total number of households per area that received free 100 Kwh per month	150 000	111 457 (City of Tshwane and Eskom figure) households received free 100 Kwh per month.	The list includes households that are prepaid only and excludes those on conventional meters.
Electricity	Number of electricity connections provided in formalised areas	99 468	A total of 4 737 connections were made in formalised areas	This includes single-phase and three-phase connections.
Electricity	Percentage of completed and occupied houses electrified to eradicate backlogs (EFA)	100% of estimated 122 000	100% of 12 500 achieved	A total of 12 500 houses were provided with connections to eradicate backlogs.
Electricity	Number of informal settlements electrified as part of formalisation	56	A total of 2 informal settlement were provided with connections	The project to connect informal settlement is executed in phases.
Electricity	Number of street lights installed	18 810	3 353 new street lights provided	The target has been exceeded.
Electricity	Number of high masts installed	150	45 new high masts installed	The target has been exceeded.
Electricity	Number of NRS 047 service standards met as percentage of total number of service standards	90%	Total average of 68% conformance with NRS 047 standards	The standards are part of Nersa licence conditions.
Electricity	Number of NRS 048 service standards met as percentage of total number of service standards	80%	Total average of 78% of NRS 048 met	The standards are part of Nersa licence conditions.

3.2.1 Electricity for All

The Services Infrastructure Department's key mandate is to provide electricity to all Tshwane residents. In order to fast-track this process, the department prioritises areas that currently have no access to electricity, with a specific focus on low-cost housing.

The bulk of the budget for the 2012/2013 Financial Year was channelled to the Electricity for All Programme (IDP project number 710178) in support of the national electrification programme and its universal access target. This project ensures that newly formalised and informal settlements are electrified in order to eradicate the electrification backlog. Households in both Tshwane and Eskom areas were provided with connections. The areas include Itereleng, Brazzaville, Soshanguve X 5 and X 7, Soshanguve East X 4, Ekangala, Hammanskraal West (Kanana), Popola and Itsoseng.

Key challenges to deliver this programme include the limited budget, cable theft, community issues expressed through concerned groups, and informal settlements being inaccessible to construction vehicles.

3.2.2 Public Lighting

The city further provided public lighting infrastructure and installed a total of 3 353 street lights and 45 high mast lights in all regions. Street lights are planned and installed on all major bus routes in townships to ensure safety for pedestrians and motorists. High masts are mostly installed in large open spaces, to light up crime hot spots and thereby to assist in fighting crime.

3.2.3 Bulk Capacity

The city provides bulk capacity predominantly on the basis of a master plan, which takes into consideration growth and new developments. Major projects undertaken in 2012/13 include the construction of the K2 substation in Soshanguve and the Orchards substation, which will have respective capacities of 40 MVA and 120 MVA.

These projects are expected to augment the electricity supply and they support the City's initiatives to provide reliable services and to attract prospective investors.

3.2.4 New connections

The new connections component of the Services infrastructure department provides electrical supplies up to 11 kV to all consumers in the Tshwane area of supply. The project is application-based. It includes single- and three-phase connections which can be new or upgrades of existing supplies for residential, business, commercial, industrial and street reserve connections. The project had an allocated budget of R23 million.

3.2.5 Prepaid meters

The purpose of these projects is to install prepaid meters for customers. Customers include registered indigent households who are provided with prepaid meters at no cost. Other customers pay for the installation of prepaid meters. A key benefit of prepaid meters is that consumers can proactively manage their electricity use. Approximately 79 991 prepaid meters were installed in 2012/2013.

3.2.6 Analysis of the Energy and Electricity function

Table 29: Analysis of electricity

Details	**2012/13**	
	Total	**Amount (R)**
Number of staff associated with bulk supply services that consist of electricity generation (Rooiwal and Pretoria West power stations), metering, vending, transmission and purchase of electricity and their cost to the Municipality	900	344 009 699
Total operating cost of bulk supply services		5 867 069 302
Number of staff associated with the distribution or maintenance of electricity infrastructure (Soshanguve, Rosslyn, Atteridgeville, Wonderboom, Pretorius Park, Centurion, Waltloo, Princess Park and Nokeng) and their cost to the Municipality	1 101	294 701 603
Total operating cost of distribution operations		323 803 226
Number of staff associated with electricity development and public lighting and their cost to the Municipality	248	60 981 423
Total operating cost of electricity development and public lighting		211 430 382

Details	2012/13	
	Total	Amount (R)
Number of staff associated with technical services and their cost to the Municipality	326	179 842 345
Total operating cost of technical services		94 729 928

3.2.7 Repairs and maintenance

The table below presents repair and maintenance activities as they related to electricity provision in the 2012/2013 Financial Year.

Table 30: Repairs and maintenance electricity provision

Description	Opex expenditure	Maintenance activities
Infrastructure maintenance	R52 015 275	• Proactive maintenance: Safety and visual inspections of medium-voltage overhead lines, poles and electrical meter boxes, followed by corrective actions on non-conformance. • Proactive maintenance: Safety and visual inspections of low-voltage overhead lines, poles and electrical meter boxes, followed corrective actions on non-conformance. • Proactive maintenance: Wood poles inspection and treatment on medium-voltage rural lines. • Proactive and reactive maintenance: Tree-cutting actions. Reactive maintenance during all power interruptions with reference to medium- and low-voltage overhead lines, underground low- and medium-voltage cables as well as electrical meter boxes.
Substation	R105 500	• Proactive maintenance: Safety and visual inspections of medium-voltage functional locations, substations and ring main units, followed by corrective actions on non-conformance. • Proactive maintenance of medium-voltage oil circuit breaker five-yearly services. Reactive maintenance on all medium-voltage functional locations, substations and ring main units.
Streetlights	R3 000 000	• Proactive maintenance: Safety and visual inspections of medium-voltage overhead lines, poles and electrical meter boxes , followed by corrective actions on non-conformance. • Proactive maintenance: Safety and visual inspections of low-voltage overhead lines.

3.2.8 PROGRESS WITH ERADICATION OF BACKLOGS

Table 31: Budget for eradication of backlogs

	30 June 2013	
	Required	**Budgeted**
Backlogs to be determined (number of households not receiving minimum standard of service)	323 000 000	42 000 000
Backlogs to be determined (percentage of households identified as backlogs/total households)	84% achieved, 16 000 required. City of Tshwane and Eskom can manage 12 500 per year. Limited resources include funding.	
Spending on new infrastructure to eliminate backlogs (Rand 000)		700 000 000
Spending on renewal of existing infrastructure to eliminate backlogs (Rand 000)		133 600 000
Total spending to eliminate backlogs (R 000)		580 161 777
Spending on maintenance to ensure that no new backlogs are created (Rand 000)		126 951 000

Table 32: Access to electricity

City of Tshwane residents with and without access to electricity								
Access to electricity				**No access to electricity**				
Item	**Metering type**	**CoT licenced area**	**Eskom supplied area**	**Electrification backlogs**	**Informal settlements**	**% Basic electricity backlogs**	**High level of electricity**	**% High level**
1	Pre-paid	204 851	97 065	145 000	93 566	64.53%	51 434	35.47 %
2	Conventional	334 213	3 161					
3	Commercial and industrial	16 000						
Subtotal		555 064	100 226					
Total		655 290						

Target 800 290
% Achieved 81.88%[13]

[13] The housing backlog excludes the 10% annual growth

3.2.9 MEGA PROJECTS, CAPEX AND INITIATIVES

Table 33: Capex initiatives

KPA	Project name	Project number	Fund	R start of Financial Year	R spent end June 2013	Ward	Actions or work done
Provide basic services, roads and storm water systems	Upgrading/ strengthening of existing network schemes	710005	001	3 500 000	2 505 760	All wards	Received and completed more than 10 applications
Provide infrastructure for growth	Payments to townships for reticulated towns	710006	001	1 500 000	1 484 994	All wards	Received payments and completed more than 25 instructions to install network
Provide infrastructure for growth	Refurbishment of sub-transmission system equipment	710163	001	10 500 000	10 468 033	3 and 7 47 and 64	Placed orders and received transformers
Provide infrastructure for growth	11 kV panel extension In substations	710164	001	2 000 000	1 999 999	7, 17; 42, 51, 55 and 65	11 kV switchgears delivered
Provide infrastructure for growth	Replacement of obsolete and dangerous switchgear	710176	001	R12 000 000	R 11 999 939	1 to 105	Replaced obsolete and dangerous switchgear
Provide infrastructure for growth	Low-voltage network in towns	710177	001	R15 000 000	R 14 940 744	1 to 105	Replaced more than 10 LT (low tension) supply areas (mini sub units)
Provide basic services, roads and storm water systems	Electricity for All	710178	001 and 006	R111 651 000	R122 210 357	90 25 and 51, 37 and 24	More than 5 000 houses were provided with connections

KPA	Project name	Project number	Fund	R start of Financial Year	R spent end June 2013	Ward	Actions or work done
Provide basic services, roads and storm water systems	Communication upgrade: optical fibre net	710325	001	6 651 000	2 494 916	52 and 60 60 and 64 46 and 86 103	60 km of fibre cable installed
Provide basic services, roads and storm water systems	Strengthening 11 kV cable network	710480	001	15 800 000	15 564	43	Installed and upgraded more than 5 km of cable
Provide basic services, roads and storm water systems	Strengthening 11 kV overhead network	710481	001	13 000 000	12 697	45	Installed and replaced more than 6 km of overhead cable line
Provide basic services, roads and storm water systems	Substations	710484	001	3 000 000	2 997 833	1 to 105	Constructed additional substations to address electricity needs
Provide basic services, roads and storm water	Tshwane Public Lighting Programme	710556	001&006	55 591 477	55 100 079	16, 57, 8, 100, 20, 90, 29, 78, 7 and 65	A total of 3 353 street lights and 45 high masts installed
Provide basic services, roads and storm water systems	Network control systems	711706	001	4 500 000	4 278 216	57	SCADA: Systems
Provide basic services, roads and storm water systems	Prepaid electricity meters	711862	001	31 000 000	30 825 136	1 to 105	17 539 meters were installed in 2012/13

KPA	Project name	Project number	Fund	R start of Financial Year	R spent end June 2013	Ward	Actions or work done
Provide basic services, roads and storm water systems	Replacement of obsolete and non-functional equipment	712006	001	1 000 000	987 771	1 to 105	Replaced obsolete equipment
Provide basic services, roads and storm water systems	New bulk infrastructure	712279	001	196 000 000	195 000 000	4	The construction of the K2 substation and refurbishment of Orchards are to be completed in 2013
Provide basic services, roads and storm water systems	New connections	712483	001	23 000 000	22 420 178	1 to 105	Total of 4 759 connections, including residential, business and industrial connections
Provide basic services, roads and storm water systems	Electrification of Winterveld	712492	001	10 000 000	9 318 100	19	Connected more than 1 000 houses in Winterveld
Provide basic services, roads and storm water systems	Electricity vending infrastructure	712908	001	500 000	180 766	26	
Provide basic services, roads and storm water systems	Revenue protection infrastructure	712919	001	500 000	496 665	4	-
Provide basic services, roads and storm water systems	Energy efficiency and demand side management	712688	006	25 329 779	27 813 038	1 to 105	Replaced more than 1 000 street lights with energy-savings luminaries

KPA	Project name	Project number	Fund	R start of Financial Year	R spent end June 2013	Ward	Actions or work done
Provide basic services, roads and storm water systems	Capital funded from operating budget	712759	001	3 000 000	2 555 087		Purchased equipment needed for operations, such as computers
Provide basic services, roads and storm water systems	Replacement of obsolete and non-functional equipment	712861	001	1 000 000	980 199	1 to 105	Purchased equipment
Provide basic services, roads and storm water systems	Refurbishment of Rooiwal Power Station	712862	001	7 000 000	5 908 705	49	Purchased equipment for the power stations
Provide basic services, roads and storm water systems	Laudium Secondary upgrade network project	712871	001	2 000 000	2 000 000		Upgraded the ageing network in Laudium
Provide basic services, roads and storm water systems	Automated meter reading	712863	001	100 000, 000	88 433 112		
Provide basic services, roads and storm water systems	Reconfiguration of Tshwane electricity control room	712872	001	2 000 000	1 999 957	57	
Provide basic services, roads and storm water systems	Purchasing of new vehicles	712907	001	20 000 000	16 830 885		Purchased 22 vehicles with cherry pickers

KPA	Project name	Project number	Fund	R start of Financial Year	R spent end June 2013	Ward	Actions or work done
Provide basic services, roads and storm water systems	Construction of the new K2 132/11 KV substation	712897	001	15 000 000	14 999 944	37	Construction of the substation in progress

Table 34: Revenue and expenditure – service infrastructure

Service Infrastructure									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source									
Property rates	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	(4 953 777 685)	(5 987 789 824)	(7 526 606 529)	(9 141 000 000)	(8 941 000 000)	(8 941 000 000)	(8 916 104 400)	(9 602 333 000)	(10 358 678 400)
Service charges - water revenue	(1 342 377 911)	(1 620 023 065)	(2 043 169 855)	(2 232 687 800)	(2 311 773 754)	(2 311 773 754)	(2 435 867 180)	(2 679 454 440)	(2 947 399 360)
Service charges - sanitation revenue	(368 649 558)	(426 403 418)	(491 606 055)	(564 287 100)	(564 287 100)	(564 287 100)	(619 815 410)	(681 523 490)	(736 045 280)
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-
Service charges - other	(142 989 164)	(141 987 249)	(108 124 452)	(181 288 500)	(181 288 500)	(181 288 500)	(190 127 800)	(200 312 400)	(209 526 800)
Rental of facilities and equipment	(53 603)	(61 568)	(64 173)	(66 600)	(66 600)	(66 600)	(30 000)	(31 700)	(33 200)
Interest earned - external investments	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors	(62 994 341)	(62 906 990)	(72 569 693)	(205 760 700)	(205 760 700)	(205 760 700)	(142 959 100)	(153 452 400)	(164 470 200)
Dividends received	-	-	-	-	-	-	-	-	-
Fines	(68 997)	(72 054)	(184 738)	(5 000)	(5 000)	(5 000)	(194 162)	(203 674)	(213 042)
Licences and permits	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-
Other revenue	(116 821 568)	(132 231 564)	(298 796 760)	(126 261 200)	(126 261 200)	(126 261 200)	(118 848 943)	(122 315 300)	(125 502 033)
Transfers recognised - operational	(9 103 157)	(6 664 316)	(7 067 155)	(2 227 000)	(3 102 528)	(3 102 528)	(780 000)	-	-
Gains on disposal of PPE	-	(72 825)	(520 068)	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	(6 996 835 985)	(8 378 211 871)	(10 548 709 476)	(12 453 583 900)	(12 333 545 382)	(12 333 545 382)	(12 424 726 995)	(13 439 626 404)	(14 541 868 315)
Expenditure By Type									
Employee related costs	441 170 109	580 000 138	632 647 567	668 654 067	683 584 264	683 584 264	709 441 183	765 680 027	814 864 200
Remuneration of councillors	-	-	759 350	759 350	759 350	759 350	881 225	969 348	1 066 283
Debt impairment	239 598 293	226 282 433	400 988 704	679 620 751	682 520 023	682 520 023	695 811 480	748 142 659	803 173 016
Depreciation & asset impairment	159 582 972	170 307 708	223 713 662	240 255 787	240 255 787	240 255 787	246 895 080	297 438 473	304 972 035
Finance charges	199 162 841	208 984 430	290 483 767	277 093 968	251 427 875	251 427 875	336 481 617	369 869 693	407 406 002
Bulk purchases	3 638 576 279	4 560 593 229	6 251 763 229	7 101 137 900	7 071 822 334	7 071 822 334	7 419 914 300	8 043 360 980	8 718 416 830
Other materials	182 021 058	229 768 654	250 258 121	348 705 630	279 784 130	279 784 130	308 027 581	329 706 860	350 426 717
Contracted services	404 066 830	365 322 083	398 786 990	406 420 990	511 209 840	511 209 840	248 922 478	282 371 382	325 074 267
Transfer and grants	-	-	-	-	-	-	36 123 600	37 306 100	38 275 000
Other expenditure	187 059 307	(212 412 834)	15 872 813	262 462 302	271 397 435	271 397 435	92 175 893	97 768 053	105 257 559
Loss on disposal of PPE	157 379	145 917	931 573	-	-	-	-	-	-
Total Expenditure	5 451 395 069	6 128 991 760	8 466 205 775	9 985 110 745	9 992 761 038	9 992 761 038	10 094 674 437	10 972 612 574	11 868 931 908
(Surplus)/Deficit before Transfers recognised - capital	(1 545 440 916)	(2 249 220 112)	(2 082 503 702)	(2 468 473 155)	(2 340 784 344)	(2 340 784 344)	(2 330 052 558)	(2 467 013 830)	(2 672 936 407)
Transfers recognised - capital	(156 684 199)	(293 264 286)	(264 732 740)	(399 503 194)	(417 183 717)	(417 183 717)	(618 885 544)	(496 545 236)	(82 000 000)
(Surplus)/Deficit for the year	(1 702 125 115)	(2 542 484 398)	(2 347 236 442)	(2 867 976 349)	(2 757 968 061)	(2 757 968 061)	(2 948 938 102)	(2 963 559 066)	(2 754 936 407)

Expenditure on electricity capital projects is reflected below. The City performed well in the delivery of electricity.

Table 35: Capital expenditure for electricity (five largest projects)

Capital expenditure of five largest projects* R' 000					
Name of project	**Current: Year 0**			**Variance: Current year 0**	
	Original budget	**Adjustment budget**	**Actual expenditure**	**Original variance (%)**	**Adjustment variance (%)**
A – New bulk infrastructure	196 000 000		195 991 369	0%	100%
B – Electricity for All	111 651 000		122 210 357	-9%	100%
C – Automated meter reading	100 000 000		88 433 112	12%	100%
D – Tshwane Public Lighting Programme	55 591 477		55 100 079	1%	100%
E – Prepaid electricity meters	31 000 000		30 825 136	1%	100%
** Projects with the highest capital expenditure in Year 0*					
Name of project – A					
Objective of project	Construct or upgrade primary 132/11 kV substations				
Delays	Complete				
Future challenges	None				
Anticipated citizen benefits	Constructed or upgraded primary substations per year				
Name of project – B					
Objective of project	Electrification of low-costs households				
Delays	None				
Future challenges	None				
Anticipated citizen benefits	Electricity connections (Houses with access to electricity service)				
Name of project – C					
Objective of project	- To meet legislative requirements - To improve accuracy of meter readings and increase revenue				
Delays	None				
Future challenges	None				
Anticipated citizen benefits	- Complete deployment of meters for LPUs - Interim integration between the master stations and SAP (bill and invoice) - AMI operations centre established to monitor and manage the solution and provide field services support				
Name of project – D					
Objective of project	Installation of new street lights and high masts				

Capital expenditure of five largest projects* R' 000					
Name of project	Current: Year 0			Variance: Current year 0	
	Original budget	Adjustment budget	Actual expenditure	Original variance (%)	Adjustment variance (%)
Delays	None				
Future challenges	None				
Anticipated citizen benefits	Electrification				
Name of project - E					
Objective of project	To install prepaid meters				
Delays	Application-driven				
Future challenges	None				
Anticipated citizen benefits	A prepaid meter in every household				
					T 5.7.1

Table 36: MIG expenditure on electricity

Municipal infrastructure grant (MIG): Year 0 expenditure on service backlogs R' 000						
Details	Budget	Adjustment budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustment budget	
Infrastructure – electricity				%	%	
Street lighting	23 500 000	0	23 500 000	100%	%	EPWP compliance

Table 37: Progress on service delivery priorities

Top four service delivery priorities for wards (highest priority first)		
No.	**Priority name and detail**	**Progress during Year 0**
1	Installation of street lights in all wards	3 353 street lights installed in the 2012/13 Financial Year
2	Provision of basic electricity	12 500 households electrified in 2012/13
3	installation of high mast lights in informal settlements	45 high mast lights installed in 2012/13
4	Electrification of informal settlements	2 informal settlements electrified
		T F.3

3.2.9.1 Upgrade of Orchards 132/11 kV substation

WBS number: 9.712279.1.001.1.O

Status: Contract management

Region and wards:

- This project is situated in the zone of choice.
- Region: the project was implemented in region 1, ward 4. However, wards 96 and 98 also benefitted.

Projected cost to completion: R79 500 000

Project scope:

- Orchards 132/11kV substation will be upgraded from 35 MVA firm capacity to 120 MVA firm capacity when commissioned.
- The work that is currently undertaken include the design, supply, delivery, installation, testing and commissioning of all equipment, excluding the supply and delivery of free issue items, but including the connection and integration thereof.

Project schedule:

- Tender awarded May 2012

Expenditure or progress:

- The total expenditure to date is R63 020 911.

Impact on the community:

- Orchards 132/11kV substation is being upgraded from 35 MVA to 120 MVA firm capacity.
- If a house connection is 8 kVA, it means that the Orchards substation will be able to supply electricity to about 10 000 extra households in its supply area.

3.2.9.2 Upgrade of Wolmer 132/11kV Substation

WBS number: 9.712279.1.001.1.W

Status: Contract management

Province: Gauteng

Region and wards:

- This project is also situated in the zone of choice.
- Region: the project was implemented in region 1, ward: 98. However, wards 2, 4, and 96 also benefitted.

Projected cost to completion: R47 200 000

Project scope:

- Wolmer 132/11kV substation will be upgraded from 35 MVA firm capacity to 120 MVA firm capacity when commissioned.
- The work will include the design, supply, delivery, installation, testing and commissioning of all equipment, excluding the supply and delivery of free-issue items, but including the connection and integration thereof.

Impact on the community:

- Wolmer 132/11 kV substation is being upgraded from 35 MVA to 120 MVA firm capacity.
- If a house connection is 8 kVA, the Wolmer substation will be able to supply electricity to about 10 000 extra households in its supply area.

3.2.9.3 Solar Water Heater programme and EPWP

The roll-out of the solar water heater programme started in Winterveld and it is being rolled out through Tshwane in partnership with Eskom. A total of 3 100 solar water heaters were installed in the 2012/13 Financial Year. The project is part of energy-efficiency programmes being rolled out by the City.
The Electricity Division created 2 865 temporary jobs through labour-intensive projects that included Electricity for All, the electrification of Winterveld, the Tshwane Public Lighting Programme, energy efficiency and demand side management, and the Soshanguve depot. Other temporary jobs were also created through the operational maintenance activities undertaken on the operational at the electricity depots.

3.2.10 Strategic partnerships

Strategic partnerships were concluded as follows:

- Eskom DSM Megawatt Park: For energy efficiency demand side management
- Central Energy Funds (CEF): For energy efficiency demand side management

3.3 WASTE MANAGEMENT

Waste management, specifically solid waste removal, was identified as a priority for the City of Tshwane. The City provides different levels of service as follows:

- Plastic bags to informal households that are collected when full. This type of service is provided where informal settlements are still in the process of being formalised and a formal service is not yet possible.
- Skips to supplement the plastic bag waste removal service.
- Residential weekly kerbside waste removal services to formal areas. This service takes places as follows:
    - In areas that still have 85 ℓ bins
    - In areas that have 240 ℓ trolley bins
- Some informal areas that have been formalised but still await the proclamation of the settlement receive the 85 ℓ bins waste removal service. The 85 ℓ bins are not newly purchased, but are repossessed from areas where they have been replaced with 240 ℓ bins (the City's preferred standard). These are then offered to the formalised households in the interim while waiting for the proclamation process.
- In addition, waste removal services are offered to business and industry by means of green bins (daily removal) and 1 000 ℓ bins.
- Removal of waste from streets and public amenities is provided through the City's litter picking personnel and thousands of Expanded Public Works (Vat Alles) beneficiaries swivel bins.

In the last IDP cycle (2006–2011), the City identified the need to recycle waste as much as possible in order to minimise the need for landfills. These initiatives are currently underway, and mega-projects that include waste-to-energy are still being planned.

The scorecard later in this chapter will reveal that the Environmental Management Department partially achieved its IDP target for providing plastic bags to informal settlements. This is largely due to the fact that the target is calculated as an average over the 12 months, due to fluctuating numbers of households in informal settlements, and the department could not realise its targets in the first three months of the year due to insufficient inventory in stores. The department fast-tracked its performance in the later parts of the year, and partially recovered from delays in acquiring stock.

Informal households issued with 85ℓ bins, formalised not proclaimed:

11 352 85ℓ bins were re-distributed as follows-

- Ward 48, Atteridgeville (300);
- Soshanguve Ward 39, Extensions 8 and 11 and Ward 37 Extensions 9, 12 and 13 (6 177);
- Mamelodi Ward 40 Extension 5 (1 500);
- Mamelodi Extension 18, Ward 10 (1 030;
- Ga-Rankuwa Zone 14 (984); and
- Mabopane (1 361).

85ℓ Bins replaced by 240ℓ bins:
22 075 85L bins were replaced by 240L bins as follows-

- 15 292 bins rolled out in Wards 62, 51, 72, 63, 68, 48, 3 and 63, Atteridgeville;
- Ga-Rankuwa Zone 1, 9, 16, 17 and part of Zone 8 (4 734 bins);
- Mabopane Block R, Odinburg, Morula View, Block D, Block M and part of Sun Valley (2 049 bins).

During June 2013, 2 985 85ℓ bins were retrieved in Ga-Rankuwa and Mabopane

3.3.1 Employees and vacancies

Table 38: Employees in waste management

Division or unit	Number of approved positions	Positions filled (excluding non-permanent employees)		Vacancies			
		Number of positions filled	Percentage of positions filled	Number of funded vacancies	Percentage of funded vacancies	Number of unfunded vacancies	Percentage of unfunded vacancies
Office of the SED	66	47	71,21%	3	4,55%	16	24,24%
Environmental Management and Parks	167	91	54,49%	15	8,98%	61	36,53%
Fresh Produce Market	214	168	78,50%	12	5,61%	34	15,89%
Waste Management	270	204	75,56%	17	6,30%	49	18,15%
	717	**510**	**71,13%**	**47**	**6,56%**	**160**	**22,32%**

3.3.2 Capital expenditure Environmental Management

The following table indicates the funding spent on the provision of waste management services and a broader environmental management function, for the year of review.

Table 39: Capital expenditure: Environmental management

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
Environmental Management	Upgrading and Extension of Facilities	9.710276.1.0 07	5,060,000	3,742,229	3,742,229	3,726,726
Environmental Management	Upgrading of Existing Processing Facilities	9.710277.1.0 07	8,000,000	9,017,771	9,017,771	8,866,880
Environmental Management	Reparation to & Resurfacing of Roads	9.710420.1.0 07	500,000	6,530,000	6,530,000	6,472,921
Environmental Management	Upgrading of Cold rooms	9.711561.1.0 07	1,000,000	1,200,000	1,200,000	1,090,350
Environmental Management	Atmospheric Pollution Monitoring Network	9.711562.1.0 01	2,000,000	2,000,000	2,000,000	1,848,265
Environmental Management	Bulk Containers	9.712090.1.0 01	7,000,000	-	-	-
Environmental Management	Bulk Containers	9.712090.1.0 15	-	7,000,000	7,000,000	5,997,696
Environmental Management	240 Litre Containers	9.712092.1.0 01	7,000,000	-	-	-
Environmental Management	240 Litre Containers	9.712092.1.0 15	-	7,000,000	7,000,000	6,531,608
Environmental Management	1000 Litre Containers	9.712093.1.0 01	3,000,000	-	-	-
Environmental Management	1000 Litre Containers	9.712093.1.0 15	-	3,000,000	3,000,000	2,631,105
Environmental Management	Swivel Bins	9.712094.1.0 01	3,500,000	-	-	-
Environmental Management	Green Buildings Program	9.712497.1.0 01	1,700,000	1,700,000	1,700,000	1,699,327
Environmental Management	Upgrading & Extension of Office Blocks	9.712585.1.0 07	5,000,000	1,000,000	1,000,000	995,553
Environmental Management	Capital Funded from Operating	9.712750.1.0 07	1,500,000	1,500,000	1,500,000	1,125,366
Environmental Management	Retrofit of Municipal Buildings	9.712807.1.0 01	800,000	800,000	800,000	629,967
Environmental Management	Specialised Vehicles - Market	9.712827.1.0 07	700,000	720,000	720,000	531,284
Environmental Management	Upgrading of the market trading system	9.712868.1.0 07	2,000,000	50,000	50,000	42,812
Environmental Management	Replacement of 85l with 240l bins	9.712899.1.0 01	35,000,000	-	-	-
Environmental Management	Replacement of 85l with 240l bins	9.712899.1.0 15	-	35,000,000	35,000,000	28,853,460

Figure 14: Operation Kanana

3.4 Housing

The Housing and Human Settlements Department is responsible for housing provision and allocating houses to qualifying beneficiaries. The housing functions performed by the Department are based on the prescripts of the Housing Act, 1997 (Act 107 of 1997).

The Housing and Human Settlements Department contributed to the IDP by planning and developing sustainable human settlements and upgrading informal settlements and community residential units. This is done in partnership with various stakeholders (in the private and public sectors). The quality of infrastructure delivered is aligned with the National Building Regulations. The Department ensures that infrastructure developments create jobs and empower small, medium and micro enterprises (SMMEs).

In the context of the City of Tshwane's metropolitan vision, the vision of the Housing and Human Settlements Department is to ensure that –

- housing opportunities should be sustainable and affordable and fully integrated with the existing social fabric; and
- housing opportunities include secure tenure, basic services and top structures. In some instances they will include rental stock and semi-bonded houses.

The Housing and Human Settlements department key focus areas are the following:

- Managing and eradicating housing backlogs;

- Developing layout plans for informal settlements and identifying land that can be developed for relocating informal settlements;
- Providing a wide range of rental housing options for Tshwane residents;
- Offering special-needs housing for the aged, the disabled, people with HIV and AIDS, and children who are orphaned by HIV and AIDS;
- Providing incremental low-cost housing for households earning less than R3 500 per month;
- Providing houses in mixed developments;
- Destigmatising hostels by converting them into family units and developing economic ventures in which the community and the hostel residents can take part;
- Transferring ownership of properties owned by the Municipality (especially in township areas) to private individuals through a discount benefit scheme;
- Operating the demand database system and educating communities about the importance of the demand database list and the subsidy administration process;
- Providing a mechanism to resolve disputes between landlords and tenants;
- Regularising informal settlements;
- Facilitating and creating conducive environment, through identification of strategic land parcels and properties for development of social housing; and
- Ensuring security of tenure.

Housing Company Tshwane, an entity of the City which is responsible for delivering social housing, has assisted with the management of social housing.

3.4.1 PROPERTY REGISTRATIONS AND TITLE DEEDS

For the 2012/2013 Financial Year:

- 9 407 title deeds were registered.
- 7 795 title deeds were received.
- The City issued 587 title deeds.
- The main reasons for not issuing title deeds are the following:
  - Owners have sub-let their properties and do not live in the allocated houses. Tenants do not pass messages from the Municipality to the owners because they fear being evicted.
  - Properties are illegally occupied through informal arrangements, family substitutions, etc.
  - The estates of owners are unresolved.
  - Beneficiaries do not respond to the Municipality's calls.
  - Properties are sold illegally.

Figure 15: Title deed handover in Winterveldt by Gauteng Premier Nomvula Mokonyane

3.4.2 Capital expenditure of the Housing and Human Settlements Department

The table below shows capital expenditure of the Housing and Human Settlements Department in the City of Tshwane.

Table 40: Capital expenditure housing

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
Housing & Human Settlement	Project Linked Housing - Water Provision	9.710863.2.005	55,000,000	55,000,000	55,000,000	53,733,106
Housing & Human Settlement	Sewerage - Low Cost Housing	9.710864.2.005	55,000,000	55,000,000	55,000,000	54,819,193
Housing & Human Settlement	Sewerage - Low Cost Housing	9.710864.2.015	18,254,023	18,254,023	18,254,023	11,019,242
Housing & Human Settlement	Roads and Stormwater - Low Cost Housing - Project Linked Housing	9.710865.2.005	225,202,000	230,702,000	230,702,000	256,643,847
Housing & Human Settlement	Township Establishment of Land of Low Cost Housing - Project Linked Housing	9.710868.2.004	61,933,920	61,933,920	61,933,920	48,553,230
Housing & Human Settlement	Township Establishment of Land of Low Cost Housing - Project Linked Housing	9.710868.2.005	62,000,000	62,000,000	62,000,000	58,682,453
Housing & Human Settlement	Township Establishment of Land of Low Cost Housing - Project Linked Housing	9.710868.2.015	6,000,000	6,000,000	6,000,000	-
Housing & Human Settlement	Project Linked Housing - Water Provision	9.710898.1.015	15,887,761	15,887,761	15,887,761	43,092,511
Housing & Human Settlement	Winterveld Land Management Plan	9.711489.2.015	12,200,000	12,200,000	12,200,000	7,481,531
Housing & Human Settlement	Upgrading/Refurbishment of Schubart & Kruger Park	9.712609.1.001	-	-	-	12,938,880
Housing & Human Settlement	Capital Funded from Operating	9.712757.1.007	1,500,000	1,500,000	1,500,000	61,376
Housing & Human Settlement	Upgrading/ Refurbishment of Kruger Park	9.712870.1.001	-	-	-	-15,000,000

3.4.3 Analysis of the Housing function

The Housing and Human Settlements Department has 42 employees in total.

Table 41: Analysis of housing

Details	2008/09		2009/10		2010/11		2011/12		2012/13	
	Total	R	Total	R	Total	R	Total	R	Total	R
Number of staff associated with housing rental and institutional administration and their cost to the Municipality	160	6 954 260	162	7 477 000	166	7 955 00	166	8 600 000,00	11	3 340 111
Total operating cost of housing rental and institutional administration		14 474 560		15 564 000		16 557 500		17 900 000,00		
Number of staff associated with housing beneficiary and sales transfers and their cost to the Municipality	35	8 861 509	35	9 427 130	42	10 082 000	42	10 900 000,00	5	1 250 675
Total operating cost of housing beneficiary and sales transfers		18 982 700		20 411 510		21 714 375		28 475 000,00		
Number of staff associated with housing resource management and	23	4 690 083	23	5 043 000	23	5 365 000	23	5 800 000,00	4	1 340 111

Details	2008/09		2009/10		2010/11		2011/12		2012/13	
	Total	R	Total	R	Total	R	Total	R	Total	R
their cost to the Municipality										
Total operating cost of housing resource management		38 571 890		41 475 150		44 122 500		47 700 000,00		
Number of staff associated with housing provision and project management and their cost to the Municipality	11	3 881 448	11	4 173 600	11	4 440 000	11	4 800 000,00	19	10 975 168
Total operating cost of housing provision and project management		84 098 040		90 428 000		96 200 000		104 000 000,00		
Number of staff associated with housing policy, strategy and systems management and their cost to the Municipality	**1**	5 094 400	**2**	5 477 000	3	5 827 500	3	6 300 000,00	5	5 333 815
Total operating cost of housing, policy, strategy and system management		42 938 000		46 170 450		49 117 500		53 100 000,00		
Total operating cost of management office administration Support		12 129 520		13 042 500		13 875 000		15 000 000,00		

Details	2008/09		2009/10		2010/11		2011/12		2012/13	
	Total	R	Total	R	Total	R	Total	R	Total	R
Number of staff associated with the office of the Member of the Mayoral Committee	**4**	608 090	**4**	653 860	4	695 600	5	752 000,00	5	837 718
Total operating cost of the office of the Member of the Mayoral Committee								2 200 000,00		2 005 533
Total		245 489 400		26 389 700		280 761 975		312 727 000		24 328 73

3.4.4 Strategic partnerships

The City has entered into a range of strategic partnerships to enable housing delivery. These include the following:

- Partnerships with various property owners to assist with providing alternative accommodation for former Schubart Park residents
- Partnership with the Centre for Municipal Research
- Partnership with Yeast City Housing for development of social housing units
- The Gauteng Partnership Fund to facilitate the provision of social housing units

3.4.5 Key Performance Areas of the Housing and Human Settlements Department

The City has meaningfully engaged with the former Schubart Park residents and an appropriate committee was established to deal with an alternative accommodation plan and the verification and placement of tenants. Buildings were identified to accommodate the residents. Lease agreement matters and the minimum services to be paid by tenants were finalised jointly with the Schubart Park Residents' Committee. Housing Company Tshwane was appointed to manage Clarina as one of the buildings that will serve as an alternative accommodation. Clarina is owned by the City of Tshwane.

The Housing and Human Settlements Department achieved the following key results in the 2012/2013 Financial Year:

- 7 informal settlements were formalised. The establishment of the formalisation task team assisted the department to proclaim 15 formalised areas in the fourth quarter of the Financial Year.
- 10,8 km of roads were provided.
- 9 845 water and sanitation connections were made.

Table 42: Key performance areas

KPI	Achieved 2008/09	Achieved 2009/10	Achieved 2010/11	Achieved 2011/12	Actual 2012/13	Comments or corrective actions
Informal settlements formalised				1	7	Formalisation and Proclamation Rapid Task Team established to fast-track the project so that more beneficiaries can be accommodated.
Type of services provided for each settlement formalised	Three services: Water: 3 276 connections Sewers: 3 650 connections Roads: 0 km	Three services: Water: 813 connections Sewers: 852 connections Roads: 408 km	Three services: Water: 35 345 connections Sewers: 35 884 connections Roads: 13,77 km	Three services: Water: 11 397 connections Sewers: 11 397 connections Roads: 49 km	Three services: Water, sewers and roads	
Informal settlements formalised that meet all proclamation requirements				12	19	
Informal households that				9 415	1 866	Formalisation and Proclamation Rapid Task Team established to

KPI	Achieved 2008/09	Achieved 2009/10	Achieved 2010/11	Achieved 2011/12	Actual 2012/13	Comments or corrective actions
benefitted from formalisation						fast-track the project so that more beneficiaries can be accommodated.
Houses transferred to owners				2 774	9 407	
Completed community residential units		160	360	27	0	Provision has been made in the 2013/14; 2014/2015 and 2015/2016 capital budget to provide more CRUS including the former Metsweding areas.
Number of water connections provided to stands					9 845	Turnkey contractors have been appointed expedite provision of such services in order to timeously address the backlog.
Number of households connected to full waterborne sanitation					9 845	Turnkey contractors have been appointed expedite provision of such services in order to timeously address the backlog.

3.4.6 HOUSING COMPANY TSHWANE (HCT)

3.4.6.1 CORPORATE PROFILE AND OVERVIEW OF THE ENTITY

HCT is a Municipal Entity ("ME") wholly owned by the City of Tshwane.

The HCT mandate can be summarised as follows-

- Develop, own and manage affordable rental housing opportunities close to employment nodes, transport nodes, social amenities and related public services for households earning between R3 500 and R7 500 (as revised by the National Department of Human Settlements from time to time).
- Provide rental housing accommodation for people who do not qualify for subsidy and are unable to participate in the formal, non-subsidised housing market.
- Provide property management and turnaround services for low to medium density social or rental accommodation.

3.4.6.2 HCT STRATEGIC OBJECTIVES

Social Housing is one of the housing programmes designed by National Department of Human Settlements to offer quality, affordable and easily accessible housing opportunities within the Inner city. In the City of Tshwane (CoT), social housing is seen as a vehicle to bring the less affluent people closer to the city centre. The CoT is conscious of the fact that the independent management of social and rental housing stock by HCT would relieve the pressure on municipal finances by dedicating the collection or rentals to an entity without "municipal baggage", and that the non-payment culture and trends exhibited in municipal rental stock would be reversed.

Housing Company Tshwane had the following strategic objectives for FY 2012/13.

1. **Procure sufficient stock to meet critical mass**
   - Develop and manage 2500 units (500 units in 2012/13);
   - Acquire and manage City rental stock (2012-13: other municipal stock under management); and
   - Secure land/or buildings for future projects (2012-13: other land/buildings).

2. Manage procured stock efficiently and effectively (351 units as per business plan)

- Efficient property management;
- 100% occupation rates; and
- 100% rent collection.

3.4.6.3 SERVICE DELIVERY HIGHLIGHTS HCT

Key service delivery highlights for the period under review include-

- HCT continued to successfully manage ELOFF building, 95 unit residential building owned by Housing Company Tshwane.
- The Housing Company Tshwane board was active and functioned for an entire Financial Year without any problems. Twelve (12) regular and eight (8) sub-committee scheduled board meetings were held during the 2012/13 Financial Year.

The implementation of the Service Delivery Agreement (SDA) was initiated during FY 2010/11. The SDA spells out the relationship between HCT and the CoT with respect to the discharging of the social housing delivery mandate. The SDA also spells out the roles and responsibilities of both the HCT and the CoT, the land development process (including future social housing projects to be developed and managed by HCT). The SDA also governs among other things the deliverables and performance milestones expected from HCT as the City's social housing delivery agent, and also stipulate the financial and other support to be given to HCT by the City of Tshwane. Several key aspects of the SDA could not be implemented (e.g. the management of newly-refurbished City of Tshwane rental units/ buildings), and this has affected the company's performance in terms of the set targets for FY 2012/13. The plan for FY 2013/14 is to gradually build the portfolio under management by pursuing a strategy based on existing properties and new-builds where possible. This is in line with the newly revised SDA (the old SDA expired 30 April 2013).

A process to fill all key posts during 2013/14 (as per the approved Human Resources Plan) is underway. The filling of vacancies is currently linked to the company's expectation to manage additional City of Tshwane properties in the first instance, as well as any new projects earmarked for development by HCT. The filling of critical vacancies is therefore linked to the company's ability to meet its mandate.

3.4.6.4 STATISTICAL INFORMATION HCT

Table 43: Statistical information HCT

Statistical information:	**2011/12**		**2012/13**	
	Nr	**R (000's)**	**Nr**	***R (000s)***
Number and cost to employer of all personnel associated with the housing function:	13*	3,246,257	7	*4,098,771*
- Professional (Engineers/Consultants)	3	2,021,180	2	3,506,423
- Field (Supervisors/Foremen)			-	-
- Office (Clerical/Administration)	4	1,021,076	4	586,840
- Non-professional (blue collar, outside workforce)	6	204,001	1	5,508
- Temporary			-	
- Contract	*12*		7	
Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.	**12**	**3,246,257**	**7**	**4,098,771**

* One (01) resignation during the Financial Year

3.5 FREE BASIC SERVICES AND INDIGENT SUPPORT

The City of Tshwane has reviewed its Indigent Policy with a view to take into account the changing needs and circumstances of communities and to close the gaps identified during implementation. The reviewed Indigent Policy was approved by the Council on 28 June 2012 to ensure that qualifying indigent households have access to free basic municipal services. In order to qualify as a registered indigent household, applying households must meet the criteria set out in the approved Indigent Policy.

The Operations Support Division in the Health and Social Development Department is responsible for leading the implementation of the indigent policy.

The indigent programme as outlined in the Indigent Policy covers following main outputs:

- Registration of indigent households
- Monitoring and impact assessment
- Evaluation of registered indigent households
- Exiting of registered indigent households (exit programme)
- Verification of all households that request indigent burial assistance

In May 2012, the Council, through the MTREF approval process, approved the following free basic services to be provided to registered indigent households:

- 12 kℓ of water per month
- 5,88 kℓ of waterborne sanitation per month
- 100 kWh of electricity per month
- Refuse removal at least once per week
- Exemption from property rates

In addition to the above, the City receives requests for indigent burials from households who are poor and challenged to bury their deceased due to insufficient resources or a lack of resources.

The Health and Social Development Department visits the requesting bereaved households to verify their socio-economic circumstances in order to recommend the appropriate assistance to be offered.

3.5.1 REGISTRATION OF INDIGENT HOUSEHOLDS

In the 2012/2013 Financial Year, the City of Tshwane registered 12 284 new indigent households, 10 454 of which had access to free basic services by the end of June 2013.

Of the registered indigent households on the City's database, 2 078 were exited through participation in exit programmes.

Table 44: Summary of registered indigent households in the 2012/2013 Financial Year

Quarter	Number of registered households	Set quarterly target against which to achieve
July to September 2012	1 810	3 000
October to December 2012	1 141	3 000
January to March 2013	1 030	3 000
April to June 2013	8 303	3 000
TOTAL	12 284	12 000

The indigent registration process involves the following steps:

- An applicant or household is assisted with completing an application form at one of the service point closest to the household.
- The applicant or household gathers all the necessary supporting documents as advised by the social worker.
- The social worker conducts a home visit to verify the information of the household as provided by the applicant. During this home visit, the social worker also collects the supporting documents that the family was required to gather.
- The application and verification forms, together with the supporting documents, are then submitted at the Finance Department for approval and, finally, registration as an indigent household.
- Upon a household being registered, the Finance Department activates clearance of their debt from their municipal accounts and notifies the Service Infrastructure Department to apply technical assistance to the registered households where –
    - the Electricity Division activates 100 kWh free electricity per month for the household installs a free a prepaid electricity meter if there is no prepaid electricity meter box; and
    - the Water and Sanitation Division activates 12 kℓ free water and installs a water-restricting device.

These measures are implemented in order to assist the registered indigent households to manage their consumption of services as well as to enable to them to manage the minimal payments for restricted consumption of services.

During the Financial Year, the Department planned weekend indigent registration road shows to fast-track the registration process. These road shows took place at the following locations:

Region 1	Ga-Rankuwa, Soshanguve
Region 2	Suurman, Majaneng
Region 4	Olievenhoutbosch
Region 5	Refilwe, Onverwacht
Region 6	Mamelodi
Region 7	Ekangala, Zithobeni, Rethabiseng and Dark City

Registered indigent households are monitored to assess if they receive the social package as indicated in the Indigent Policy. Discrepancies are reported to the relevant departments for corrective measures to be taken.

In terms of the Indigent Policy, registered indigent households are evaluated within 24 months of being registered on the indigent register to evaluate if they still meet the qualifying criteria to remain on the register. Those whose socio-economic circumstances have improved are exited. For the 2012/13 Financial Year, the target for evaluation was 4 000 and it was achieved.

3.5.2 The Indigent Exit Programme

The Council has approved an indigent exit strategy which is –

- a poverty reduction strategy for the City of Tshwane;
- a means of linking the indigent beneficiaries to poverty alleviation initiatives; and
- a mechanism for tracking registered indigent households in order to determine when they should be taken off the indigent register.

The Health and Social Development Department has linked beneficiaries from registered indigent households with the following:

- Old Mutual for training in financial literacy.
- ILO for training women beneficiaries in cooperatives.
- Matla Development Foundation for training female indigent beneficiaries in cooperatives – training entailed business skills, marketing skills and financial management. The trainees were each issued with a starter pack of toilet paper worth R1 000 at the end of training so that they can practice their business skills and also start and manage their own businesses. They are currently being mentored through the process of starting their own businesses.

To contribute to creating jobs and alleviating poverty, the Indigent Programme Management Unit in the Department has employed 214 volunteers, who were identified from registered indigent households, on a contract basis.

Registered indigent households whose socio-economic status has improved are exited from the indigent register so that they are re-absorbed into the normal stream of customers and pay for municipal services. In the year under review 2 078 indigent households were exited from the indigent register.

Component B: Road transport

3.6 Roads, Storm Water Systems and Transport

Providing roads and storm water infrastructure was identified in the 2011–2016 IDP as a key priority in terms of both service delivery and economic infrastructure. Roads and storm water infrastructure is a critical element of services required for the proclamation of townships. This section reports on the provision of roads, stormwater and transport facilities.

3.6.1 Backlog eradication

3.6.1.1 Roads

Backlog Roads are defined as unpaved roads in previously disadvantaged urban areas (mainly residential). There is a need to undertake paving of gravel/dirt roads in previously disadvantaged areas to improve quality of life of the residents, and also to reduce recurring maintenance to repair damage. The need to provide meaningful stormwater solutions is directly related to preventing damage. Within this group of roads, priority is given for roads carrying public transport.

Roads and streets that should be surfaced are estimated 2720 km in length, with components in old City of Tshwane area amounting to 2186 km, and a further 534 km in the former Metsweding area based on classification of tertiary Gravel Roads Management System.

During the 2012/13 Financial Year of total length of 62,09 kilometers of roads were provided that meets the service standard. These roads were implemented according to a priority list in a number of areas.

Further priority roads have been identified which are in various stages of planning and design, namely projects which are ready for implementation, projects for which Water Use Licenses are awaited and projects which are in the design phase.

The tables below provide the status of gravel and tarred road infrastructure in Tshwane as well as progress on roads key performance areas.

Table 45: Gravel road infrastructure

Gravel road infrastructure				
				Kilometres
	Total gravel roads[14]	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded or maintained
Year -2	3 310	0	52	573
Year -1	3 310	0	32.5	337
Year 0	3 310	0	62	
				T 3.7.2

Table 46: Tarred road infrastructure

Tarred road infrastructure					
					Kilometres
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2	6 321	52	33	0	33
Year -1	6 438	32,5	180	0	180
Year 0	6 500	62	149	0	149
					T 3.7.3

Table 47: Road KPAs

Road service policy objectives taken from IDP									
Service objectives	Outline service targets	Year -1 (2011/2012)		Year 0 (2012/2013)			Year 1 (2013/2014)	Year 2 (2014/2015)	
		Target	Actual	Target		Actual		Target	
Service indicators		*Previous year		*Previous year	*Current year		*Current year	*Current year	*Following year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Elimination of gravel roads in townships	Kilometres of gravel roads tarred (Kilometres of gravel road remaining)	388,24 + 42,0 = 430,24 km gravel roads tarred (2 176 - 430,24 = 1 745,76 km gravel roads remaining)	430,24 + 32,5 = 462,74 km gravel roads tarred (2 176 - 462,74 = 1 713,26 km gravel roads remaining)	430,24 + 43,46 = 473,7kms gravel roads tarred (2 176 - 473,7 = 1 702,3 km gravel roads remaining)	473,7 + 52,88 = 526,58 km gravel roads tarred (2 176 - 526,88 = 1 649,42 km gravel roads remaining)	473,7 km + 62,07 = 535,77 km gravel roads tarred (2 176 - 535,77 = 1 640,23 km gravel roads remaining)	Baseline (1 640,23 km gravel roads remaining)	535,77 + 52,1 = 587,87 km gravel roads tarred (1 588,13 km gravel roads remaining)	587,87 + 51,22 = 639,09 km gravel roads tarred (1 536,91 km gravel roads remaining)
Development of municipal roads as required	52,88 km of municipal roads developed	42,0 km	32,5 km	43,46 km	52,88 km	62,07 km	52,1 km	52,1 km	51,22 km

[14] These figures are from after the incorporation of Metsweding. Before the incorporation, there was 2 314 km of gravel roads in Tshwane.

3.6.1.2 STORMWATER

Backlog Stormwater is defined as previously disadvantaged urban areas with insufficient or no stormwater drainage systems. The length of major stormwater systems required in terms of backlog eradication as identified through master plans is 1303 km.

During the 2012/13 Financial Year of total length of 70.31 kilometres of stormwater drainage systems were provided that meets the service standards. These stormwater drainage systems were implemented according to a priority list in a number of areas.

Stormwater Master Plans (SMPs) comprising the planning and prioritization of all required stormwater drainage systems (routes, sizing, estimated cost, etc.) in all the backlog areas of the previous City of Tshwane-area have been completed. SMPs for backlog areas in the new area will be completed soon. Projects to construct theses drainage systems are included in the IDP based on priority and available funding.

Flood lines for watercourses in all the backlog areas of the previous City of Tshwane-area have been determined. Determination of flood lines in the incorporated areas has commenced. Flood lines indicate areas adjacent to watercourse that will be inundated during floods and therefore highlight properties and communities at risk. The table below presents progress on stormwater key performance areas.

Table 48: Storm water KPAs

Road service policy objectives taken from IDP									
Service objectives	**Outline service targets**	**Year -1 (2011/2012)**		**Year 0 (2012/2013)**			**Year 1 (2013/2014)**	**Year 2 (2014/2015)**	
		Target	**Actual**	**Target**		**Actual**	**Target**		
Service indicators		***Previous year**		***Previous year**	***Current year**		***Current year**	***Current year**	***Following year**
(i)	**(ii)**	**(iii)**	**(iv)**	**(v)**	**(vi)**	**(vii)**	**(viii)**	**(ix)**	**(x)**
Reducing the storm water drainage systems	Kilometres of storm water drainage systems provided	408,42 + 42,0 = 453,42 km storm water drainage system (1 330 - 453,42 = 876,58 km storm water drainage system remaining)	453,42 + 57,0 = 510,42 km storm water drainage system (1 330 - 510,42 = 819,58 km storm water drainage system remaining)	453,42 + 56,43 = 509,85 km storm water drainage system (1 330 - 509,85 = 820,15 km storm water drainage system remaining)	493,42 + 40,0 = 533,42 km storm water drainage system (1 330 - 533,42) 796,58 km storm water drainage system remaining)	493,42 + 70,306 = 563,73 km storm water drainage system (1 330- 563,73 = 766,27 km storm water drainage system remaining)	Baseline (1 640,23 km storm water drainage system remaining)	535,77 + 52,1 = 587,87 km storm water drainage system (1 588,13 km storm water drainage system remaining)	587,87+51,22) 639,09 km storm water drainage system (1 536,91 km storm water drainage system remaining)
Development of municipal storm water drainage as required	40,0 km of municipal storm water drainage	45,0 km	57,0 km	56,43 km	40,0 km	70,306 km	45,0 km	45,0 km	39,0 km

3.6.2 PROVISION OF TRANSPORT FACILITIES

In the 2012/ 2013 Financial Year the following projects received funding. The projects are a combination of large and medium sized projects that are to be implemented over multiple Financial Years:

Table 49: Funded transport projects

Project	Funding received in FY 2012/2013
Mabopane Station Modal Interchange (completion of the taxi rank on the western side)	R3,90m
Bus and Taxi Inlets: 10 inlets were built, including the related traffic calming road works	R3,00m
East Lynne Public Transport Facilities (upgrading of existing bus and taxi facilities)	R0,80m
Saulsville Station Pedestrian Bridge (cross- access)	R5,00m
Total	R12,70m

The projects listed above will be continued in the 2013/2014 Financial Year. Due to the nature of public transport projects they comprise a mixture of new projects (e.g. Saulsville Station Pedestrian Bridge) and upgrading projects (Mabopane Station Modal Interchange and East Lynne Public Transport Facilities). Often the acquisition of land is required for the projects (for example - East Lynne Public Transport Facilities) and this lengthens the time of implementation. Environmental Impact Assessments and rezoning processes also influence the implementation time of projects. .

Current funding levels results on an average of four to five projects being implemented each year. At least 30 projects will require attention once the necessary feasibility studies have been completed.

3.6.3 CAPITAL EXPENDITURE

Table 50: Capital expenditure for roads, storm water and transport

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
Transport	Contributions: Services for Township Development	9.710115.1.016	17,000,000	15,500,000	15,500,000	10,870,807
Transport	Essential/Unforeseen Stormwater Drainage Problems	9.710116.2.001	1,000,000	1,000,000	900,000	888,763
Transport	Essential/Unforeseen Stormwater Drainage Problems	9.710116.2.015	-	-	100,000	-
Transport	Apies River: Canal Upgrading, Pretoria Central	9.710117.1.001	1,000,000	1,000,000	1,000,000	995,727

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
Transport	Concrete Canal: Sam Malema Road, Winterveldt	9.710128.1.001	50,000	50,000	50,000	50,000
Transport	Major Stormwater System, Mamelodi X 8	9.710129.1.001	9,000,000	-	-	-
Transport	Major Stormwater System, Mamelodi X 8	9.710129.1.005	5,000,000	5,000,000	5,000,000	5,000,000
Transport	Major Stormwater System, Mamelodi X 8	9.710129.1.015	1,500,000	10,500,000	10,500,000	10,469,717
Transport	Major Stormwater Systems: Klip/Kruisfontein	9.710143.1.001	21,000,000	-	-	-
Transport	Major Stormwater Systems: Klip/Kruisfontein	9.710143.1.005	2,000,000	2,000,000	2,000,000	2,000,000
Transport	Major Stormwater Systems: Klip/Kruisfontein	9.710143.1.015	-	24,500,000	24,500,000	22,904,105
Transport	Rehabilitation of Stormwater Systems & Sidewalks	9.710220.2.001	10,800,000	-	-	-
Transport	Rehabilitation of Stormwater Systems & Sidewalks	9.710220.2.005	2,500,000	-	2,500,000	2,500,000
Transport	Rehabilitation of Stormwater Systems & Sidewalks	9.710220.2.015		8,900,000	8,900,000	8,445,756
Transport	Replacement of Traffic Signs	9.710221.1.001	2,550,000	2,550,000	2,550,000	2,549,972
Transport	Rehabilitation of Bridges	9.710223.1.001	300,000	300,000	300,000	300,000
Transport	Essential & Unforeseen Road Improvements	9.710226.1.001	2,000,000	2,000,000	2,000,000	1,988,957
Transport	Parking Bays / Bays at Schools	9.710227.1.001	1,000,000	1,000,000	1,000,000	974,101
Transport	Cycle and Pedestrian Paths for Tshwane	9.710228.1.001	3,000,000	-	-	-
Transport	Cycle and Pedestrian Paths for Tshwane	9.710228.1.015	-	3,000,000	3,000,000	2,983,372
Transport	Traffic Calming and Pedestrian Safety for Tshwane	9.710229.2.001	4,000,000	-	-	-
Transport	Traffic Calming and Pedestrian Safety for Tshwane	9.710229.2.015		4,000,000	4,000,000	3,988,485
Transport	Traffic Lights/Traffic Signal System	9.710395.1.001	1,000,000	1,000,000	1,000,000	999,773
Transport	Traffic Signals to Meet Legal Requirements	9.710398.1.001	1,000,000	1,100,000	5,000,000	4,999,999
Transport	Traffic Signals to Meet Legal Requirements	9.710398.1.015	-	3,900,000	-	-
Transport	Extension of Atcon Traffic Control System	9.710399.1.001	500,000	500,000	500,000	491,079
Transport	Matenteng Main Transport Route, Stinkwater	9.710597.2.001	4,900,000		-	-

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
Transport	Matenteng Main Transport Route, Stinkwater	9.710597.2.005	3,100,000	3,100,000	3,100,000	3,097,813
Transport	Matenteng Main Transport Route, Stinkwater	9.710597.2.015	2,000,000	10,900,000	10,900,000	10,715,561
Transport	Shova Kalula Bicycle Project	9.710609.1.001	10,000,000	-	-	-
Transport	Shova Kalula Bicycle Project	9.710609.1.015	-	10,000,000	10,000,000	9,831,959
Transport	Mabopane Station Modal Interchange	9.710657.2.001	3,900,000	3,900,000	3,900,000	3,881,546
Transport	Provide Bus and Taxi Lay-By's & Shelters	9.710662.1.001	3,000,000	-	-	-
Transport	Provide Bus and Taxi Lay-By's & Shelters	9.710662.1.015	-	3,000,000	3,000,000	2,380,075
Transport	Eastlynn Bus and Taxi Facilities	9.710671.2.005	800,000	800,000	800,000	798,685
Transport	Eastlynn Bus and Taxi Facilities	9.710671.2.015	-	300,000	300,000	300,000
Transport	Saulsville Station Pedestrian	9.710743.1.001	5,000,000	-	-	-
Transport	Saulsville Station Pedestrian	9.710743.1.015	-	5,000,000	5,000,000	4,987,358
Transport	Rehabilitation of Roads	9.710902.2.001	-	-	4,400,000	4,399,996
Transport	Rehabilitation of Roads	9.710902.2.005	4,230,000	4,230,000	4,230,000	4,229,991
Transport	Rehabilitation of Roads	9.710902.2.015	10,000,000	15,500,000	11,100,000	11,099,995
Transport	Rehabilitation of Roads	9.710902.2.016	-	1,500,000	1,500,000	1,499,998
Transport	Real Rover Road to Serapeng Road	9.710936.2.001	2,000,000	2,000,000	1,520,000	1,515,901
Transport	Real Rover Road to Serapeng Road	9.710936.2.005	6,000,000	5,000,000	5,000,000	4,999,979
Transport	Real Rover Road to Serapeng Road	9.710936.2.015	-	-	480,000	-
Transport	Block W - Stormwater Drainage	9.711164.2.001	100,000	100,000	100,000	31,480
Transport	Stormwater Drainage Mahube Valley	9.711213.2.001	5,000,000	-	-	-
Transport	Stormwater Drainage Mahube Valley	9.711213.2.015		5,000,000	5,000,000	4,999,923
Transport	Magriet Monamodi Stormwater System	9.711262.2.005	12,000,000	12,000,000	12,000,000	11,668,677
Transport	Magriet Monamodi Stormwater System	9.711262.2.015	3,000,000	3,000,000	3,000,000	2,958,987
Transport	Major S/ Water Drainage System: Matenteng	9.711264.2.001	100,000	100,000	-	-
Transport	Major S/ Water Drainage System: Matenteng	9.711264.2.015	-	-	100,000	-
Transport	Hartebeest Spruit: Canal Upgrading	9.711265.1.001	1,000,000	1,000,000	1,000,000	995,002
Transport	Montana Spruit: Channel Improvements	9.711268.1.001	100,000	100,000	100,000	100,000
Transport	Montana Spruit: Channel Improvements	9.711268.1.015	300,000	300,000	300,000	299,925

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
Transport	Major S/Water Drainage System: Majaneng	9.711273.2.001	4,900,000	-	-	-
Transport	Major S/Water Drainage System: Majaneng	9.711273.2.005	5,000,000	6,000,000	6,000,000	5,950,436
Transport	Major S/Water Drainage System: Majaneng	9.711273.2.015	1,500,000	6,400,000	6,400,000	6,251,024
Transport	Major S/Water Drainage Channels: Ga-Rankuwa	9.711284.2.001	5,000,000	-	-	-
Transport	Major S/Water Drainage Channels: Ga-Rankuwa	9.711284.2.005	10,000,000	10,000,000	10,000,000	9,795,648
Transport	Major S/Water Drainage Channels: Ga-Rankuwa	9.711284.2.015		6,500,000	6,500,000	6,374,509
Transport	Stormwater Drainage Systems in Ga-Rankuwa View	9.711285.2.001	5,000,000		-	-
Transport	Stormwater Drainage Systems in Ga-Rankuwa View	9.711285.2.005	10,000,000	10,000,000	10,000,000	9,997,124
Transport	Stormwater Drainage Systems in Ga-Rankuwa View	9.711285.2.015		6,500,000	6,500,000	6,326,353
Transport	Olievenhoutbosch Activity Spine	9.711325.1.001	100,000	100,000	100,000	-
Transport	Doubling of Simon Vermooten	9.711800.1.002	150,000,000	35,000,000	35,000,000	34,978,529
Transport	Internal Roads: Northern Areas	9.711863.2.001	-	10,000,000	12,100,000	12,380,588
Transport	Internal Roads: Northern Areas	9.711863.2.005	66,950,806	67,250,806	67,250,806	66,267,022
Transport	Internal Roads: Northern Areas	9.711863.2.015	32,950,000	51,350,000	49,250,000	49,188,989
Transport	Centurion Lake and Kaal Spruit	9.712217.1.001	5,000,000	5,000,000	5,000,000	4,873,169
Transport	Flooding Backlogs: Stinkwater & New Eersterust Area	9.712219.1.001	13,000,000	-	-	-
Transport	Flooding Backlogs: Stinkwater & New Eersterust Area	9.712219.1.005	5,000,000	5,000,000	5,000,000	5,000,000
Transport	Flooding Backlogs: Stinkwater & New Eersterust Area	9.712219.1.015	7,500,000	17,500,000	17,500,000	12,787,968
Transport	Flooding Backlogs: Sosh & Winterveldt Area	9.712220.1.001	23,000,000	-	-	-
Transport	Flooding Backlogs: Sosh & Winterveldt Area	9.712220.1.005	2,000,000	4,500,000	2,000,000	2,000,000
Transport	Flooding Backlogs: Sosh & Winterveldt Area	9.712220.1.015	-	30,200,000	30,200,000	28,729,949
Transport	Flooding Backlogs: Mabopane Area	9.712221.1.001	15,000,000	-	-	-
Transport	Flooding Backlogs: Mabopane Area	9.712221.1.005	10,000,000	10,000,000	10,000,000	9,960,167

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
Transport	Flooding Backlogs: Mabopane Area	9.712221.1.015		15,000,000	15,000,000	13,774,662
Transport	Flooding Backlogs: Mamelodi, Eersterust & Pta Eastern Area	9.712223.1.001	18,000,000	-	-	16,525
Transport	Flooding Backlogs: Mamelodi, Eersterust & Pta Eastern Area	9.712223.1.005	6,000,000	6,000,000	6,000,000	6,000,000
Transport	Flooding Backlogs: Mamelodi, Eersterust & Pta Eastern Area	9.712223.1.015	5,000,000	23,000,000	23,000,000	22,439,922
Transport	Traffic Flow and Safety on Corridors	9.712501.1.001	2,000,000	-	-	-
Transport	Traffic Flow and Safety on Corridors	9.712501.1.010	1,355,044	1,355,044	1,355,044	1,337,104
Transport	Traffic Flow and Safety on Corridors	9.712501.1.015	-	2,000,000	2,000,000	1,997,340
Transport	Traffic Flow Improvement at Intersections	9.712502.1.001	4,000,000	-	-	-
Transport	Traffic Flow Improvement at Intersections	9.712502.1.015	-	4,000,000	4,000,000	3,773,039
Transport	Flooding Backlog: Network 3, Kudube Unit 11	9.712503.1.001	300,000	500,000	500,000	499,999
Transport	Flooding Backlog: Network 3, Kudube Unit 13	9.712503.1.015	-	800,000	800,000	800,000
Transport	Flooding Backlog: Network 2F, Kudube Unit 6	9.712504.1.001	11,000,000	-	-	-
Transport	Flooding Backlog: Network 2F, Kudube Unit 7	9.712504.1.015	-	16,000,000	16,000,000	15,999,949
Transport	Flooding backlog: Network 5A, Matenteng	9.712506.1.001	7,000,000	-	-	-
Transport	Flooding backlog: Network 5A, Matenteng	9.712506.1.015	-	7,000,000	7,000,000	6,986,608
Transport	Flooding Backlog: Network 2H, Kudube Unit 7	9.712507.1.001	200,000	100,000	100,000	100,000
Transport	Flooding Backlog: Network 2H, Kudube Unit 7	9.712507.1.005	800,000	500,000	500,000	395,925
Transport	Flooding Backlog: Network C5, C6, C11 & C13, Atteridgeville	9.712511.1.001	100,000	100,000	100,000	100,000
Transport	Flooding Backlog: Network C5, C6, C11 & C13, Atteridgeville	9.712511.1.005	1,070,000	1,070,000	1,070,000	1,070,000
Transport	Flooding Backlog: Network 5D, Mandela Village Unit 12	9.712512.1.001	8,800,000	-	-	-
Transport	Flooding Backlog: Network 5D, Mandela Village Unit 12	9.712512.1.005	3,100,000	3,100,000	3,100,000	3,100,000
Transport	Flooding Backlog: Network 5D, Mandela Village Unit 13	9.712512.1.015	-	4,700,000	4,700,000	4,529,190

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
Transport	Flooding Backlogs: Soshanguve South & Akasia Area	9.712513.1.001	26,000,000	-	-	-
Transport	Flooding Backlogs: Soshanguve South & Akasia Area	9.712513.1.015	-	23,000,000	23,000,000	22,571,383
Transport	Flooding Backlogs: Olievenhoutbosch & Centurion Area	9.712514.1.001	100,000	100,000	-	-
Transport	Flooding Backlogs: Olievenhoutbosch & Centurion Area	9.712514.1.015	-	-	100,000	-
Transport	Flooding Backlog: Network 2B, Ramotse	9.712515.1.001	100,000	100,000	100,000	100,000
Transport	Flooding Backlog: Network 2D, New Eersterust x 2	9.712516.1.001	18,000,000	-	-	-
Transport	Flooding Backlog: Network 2D, New Eersterust x 2	9.712516.1.015	4,000,000	22,000,000	22,000,000	20,256,674
Transport	Flooding Backlog: Drainage Canals along Hans Strydom Dr, Mamelodi x 4 and 5	9.712518.1.001	8,000,000	-	-	-
Transport	Flooding Backlog: Drainage Canals along Hans Strydom Dr, Mamelodi x 4 and 5	9.712518.1.005	4,000,000	4,000,000	4,000,000	4,000,000
Transport	Flooding Backlog: Drainage Canals along Hans Strydom Dr, Mamelodi x 4 and 5	9.712518.1.015	2,200,000	6,600,000	6,600,000	5,739,713
Transport	Flooding Backlog: Network 1A, 1C & 1F, Ramotse	9.712520.1.001	200,000	-	-	-
Transport	Collector Road Backlogs: Mamelodi	9.712521.1.015	10,000,000	10,000,000	10,000,000	9,869,065
Transport	Flooding Backlog: Network 3A, Kudube Unit 9	9.712523.1.001	1,800,000	-	-	598,428
Transport	Flooding Backlog: Network 3A, Kudube Unit 9	9.712523.1.015	-	1,800,000	1,800,000	1,200,996
Transport	Upgrading of Maunde	9.712544.1.002	-	-	-	1,590,000
Transport	Upgrading of Maunde	9.712544.1.015	39,000,000	39,000,000	39,000,000	28,406,880
Transport	Giant Stadium: Buitekant Str	9.712545.1.002	500,000	500,000	500,000	349,498
Transport	Wonderboom Airport Access: Lindveldt Avn	9.712546.1.002	12,000,000	12,000,000	12,000,000	8,157,138
Transport	CBD and Surrounding Areas (2010SWC) HOV / BRT Lanes on Corridors to North and Hatfield	9.712591.1.002	576,202,000	740,692,696	740,692,696	739,057,352
Transport	Upgrading of Lavender Road (Southern Part of K 97)	9.712610.1.015	25,000,000	25,000,000	25,000,000	9,378,212
Transport	Upgrading of Mabopane Roads dealing with Red Soils	9.712611.1.015	20,000,000	20,000,000	20,000,000	19,073,781

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
Transport	Upgrading of Sibande Street, Mamelodi	9.712612.1.001	100,000	100,000	-	-
Transport	Upgrading of Sibande Street, Mamelodi	9.712612.1.015	-	-	100,000	-
Transport	Capital Funded from Operating	9.712760.1.007	3,000,000	3,000,000	3,000,000	2,289,701
Transport	Provision of a VOR system (replacing the NGB systems that are country-wide been decommissioned)	9.712886.1.001	4,500,000	4,500,000	4,500,000	4,499,999
Transport	Provide for a new fuel selling office according to OHS and CAA requirements	9.712887.1.001	450,000	450,000	450,000	447,361
Transport	Construct additional helstops	9.712888.1.001	500,000	500,000	500,000	500,000
Transport	Construct of Taxiway	9.712889.1.015	6,500,000	6,500,000	6,500,000	6,490,755

Table 51: Financial performance of the transport department

Financial performance for 2012/2013: Transport Department and divisions or functional units R'000					
Details	Year -1	Year 2012/2013			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue including capex grants recognised)	**R 512 042**	**R 1 099 313**	**R 1 174 331**	**R -989 446**	**-11%**
** Wonderboom Airport*	*R-48 263*	*R-70 095*	*R-70 095*	*R-53 290*	*-32%*
** Tshwane Bus Services*	*R -49 801*	*R -83 496*	*R -83 496*	*R-40 991*	*-104%*
** Design, construction and maintenance*	*R -11 701*	*R -19 670*	*R -20 269*	*R -17 916*	*-10%*
** Others (includes capex grants recognised)*	*R -402 278*	*R -926 053*	*R -1 000 472*	*R -877 249*	*-6%*
Expenditure: (for all divisions and units)	**R 1 451 609**	**R 1 468 182**	**R 1 448 611**	**R 1 409 301**	**-4%**
Employees and councillors	R 453 586	R 484 311	R 482 979	R 464 714	-4%
** Wonderboom Airport*	R 11 449	*R 14 176*	*R 14 112*	*R 13 289*	*-7%*
** Tshwane Bus Services*	R 137 936	*R 117 330*	*R 138 279*	*R 139 038*	*16%*
** Design, construction and maintenance*	R 259 815	*R 246 263*	*R 221 088*	*R 208 944*	*-18%*
** Others*	R 44 386	*R 105 782*	*R 108 741*	*R 102 620*	*-3%*
Contracted services (not *comparable with* Year -1)	Not comparable	R 428 724	R 387 343	R 405 889	-6%
** Wonderboom Airport*	*Not comparable*	*R 15 787*	*R 15 873*	*R 15 022*	*-5%*
** Tshwane Bus Services*	*Not comparable*	*R 115 282*	*R 90 779*	*R 63 714*	*-81%*

Financial performance for 2012/2013: Transport Department and divisions or functional units R'000					
Details	**Year -1**	**Year 2012/2013**			
	Actual	**Original budget**	**Adjustment budget**	**Actual**	**Variance to budget**
** Design, construction and maintenance*	*Not comparable*	*R 266 230*	*R 259 331*	*R 307 870*	*14%*
** Others*	*Not comparable*	*R 31 425*	*R 21 361*	*R 19 282*	*-63%*
Other (Year -1 includes all other expenditures)	R 998 023	R 555 147	R 578 289	R 538 698	-3%
** Wonderboom Airport*	*R 95 480*	*R 95 454*	*R 92 942*	*R 69 186*	*-38%*
** Tshwane Bus Services*	*R 162 220*	*R 56 808*	*R 60 863*	*R 63 020*	*10%*
** Design, construction and maintenance*	*R 712 915*	*R 348 190*	*R 325 644*	*R 328 698*	*-6%*
** Others*	*R 27 408*	*R 54 695*	*R 98 840*	*R 77 794*	*30%*
Total operational expenditure	R 1 451 609	R 1 468 182	R 1 448 611	R 1 409 301	-4%
Net operational expenditure	R 939 567	R 368 869	R 274 279	R 419 855	12%
.					*T 3.8.5*

3.6.4 Integrated Transport systems

The Tshwane Rapid Transit project is a mega project of the city. Towards the end of the 2011/2012 Financial Year, the Executive Mayor presided over the unveiling of the Tshwane Rapid Transit's (TRT) first bus terminal in Hatfield. The TRT station is located on the corner of Arcadia and Grosvenor Streets, directly opposite the Gautrain station. This is the first of many stations to be built along the inception phase of the TRT. The Inception phase extends from Paul Kruger Street in the CBD to the current station in Hatfield.

The Hatfield Station is based on the retro-tram concept and will be used for the design of the stations outside the CBD.

Construction on the city's public transport system started in July 2012. The TRT was renamed ` A Re Yeng' through a process of seeking public inputs and votes on the name. A Re Yeng means `lets go' in Sesotho.

Figure 16: Introduction of the TRT station in Hatfield

Figure 17: Signing of MoU with bus operators

COMPONENT C: PLANNING AND DEVELOPMENT

3.7 PLANNING

The City Planning and Development Department's mandate is to coordinate city development strategies by transforming planning concepts into projects, consistent with the desired spatial form, integrating service delivery as well as monitoring and effecting accountability.

The Department provides spatial direction to the public and private sector, ensuring that the urban form reflects the "Capital City" with the aim of ensuring that service delivery takes place seamlessly and that it is accessible and responsive to the needs of its local communities.

Key Principles underpinning Departmental strategic objectives:

- The continuous provision of spatial frameworks that guide the form, placement and character of physical development so as to ensure greater integration, efficiency, liveability and sustainability of the Metropolitan area in line with Vision 2055
- The provision of a professional land use management function and information that facilitates development while providing legal protection of existing land use rights
- Building control in a professional manner that ensures a healthy and safe city
- The placement of outdoor advertising signs in accordance with legal –and safety requirements in order not to compromise the aesthetic environment
- Development facilitation
- Providing and managing the collection, organization and dissemination of development information within the organization and to the public
- The implementation of the Tshwane Spatial Development Strategy
- Drafting of the Capital Investment Framework plan (CIF) which is a spatial prioritized plan linked to the Metropolitan Spatial Development Framework

The Department facilitated the development of a new Metropolitan Spatial Development Framework (MSDF) and seven Regional Spatial Development Frameworks (RSDFs) in line with the new demarcations.

The MSDF and RSDFs were approved by Council 28 June 2012. The spatial directives/guiding principles promote densification, pedestrianisation, mobility, connectivity and beautification of the urban realm and spatial reform. The RSDFs were revised, and public consultation was conducted from March to May 2013.

3.7.1 Applications

The tables below indicate the statistics of land use applications received and processed during the Financial Year 2012/2013.

A total number of 1675 land use applications have been received and 1640 processed (98%)

Table 52: Residential Sustainability Programme land use applications received

Applications received									
Residential Sustainability Programme land use application statistics 2012–2013									
Type of application	**Regions**								**Total**
	1	**2**	**3**	**4**	**5**	**6 North**	**6 South**	**7**	
	Tebello	Louis R	Ntokozo	Lettie	Louis V	Louis V	André	Louis V	
Consent uses									
Consent use – general (Clause 16)	25	27	47	48	0	35	16	15	213
Peri-urban (Clause 6)	0	0	2	0	34	0	31	0	67
Permission second dwelling (Clause 14 (10)	9	7	12	28	2	7	12	1	78
Application for permission	6	1	10	8	0	24	5	0	54
Total: Consent uses	40	35	71	84	36	66	64	16	412
Total: Simultaneous consent use and removal of restrictive conditions	0	0	12	0	0	0	0	0	12
Total: Subdivisions	9	0	23	15	1	28	26	8	110
Total: Consolidations	27	2	11	18	0	23	10	3	94
Total: Simultaneous subdivision and consolidation	6	2	1	3	0	0	1	0	13
Total: Council subdivision and consolidation	0	0	0	0	0	0	0	0	0
Total: Divisions	4	0	3	15	14	7	16	0	59
Total: Removal or amendment or consent of restrictive conditions (Act 3 of 1996)	0	3	7	52	0	17	28	0	107

Type of application	Regions								Total
	1	2	3	4	5	6 North	6 South	7	
Applications received									
Residential Sustainability Programme land use application statistics 2012–2013									
Rezoning									
Section 28 (Council)	0	2	80	32	0	0	2	0	116
Section 56	30	21	11	31	13	53	115	28	302
Simultaneous rezoning and removal of restrictive title conditions (Act 3 of 1996)	0	6		11	0	14	38	0	69
Total: Rezoning	30	29	91	74	13	67	155	28	487
Township establishment					0				
Section 96(1)	0	12	0	53	4	8	6	8	91
Section 96(4)	0	0	1	6	0	0	1	0	8
Section 107 (City of Tshwane townships)	0	0	0	0	0	0	0	1	1
Section 88(1) Extension of boundaries	0	0	0	0	0	0	0	0	0
Total: Township establishment	0	12	1	59	4	8	7	9	100
Amendment after approval of a township									
Administrative amendments to layout plans and/or conditions of establishment	8	10	0	67	0	0	0	0	85
Section 100: Amendment to layout plans and/or conditions of establishment	0	1	0	0	0	0	2	0	3
Section 99: Division of townships – number of phases	0	6	0	22	0	2	1	0	31
Ordinance 25 of 1965 (Section 66A)	0	0	0	7	0	0	0	0	7
Total: Amendment after approval of a township	8	17	0	96	0	2	3	0	126
Total: Restriction of access	0	0	1	0	0	2	8	0	11
Total: Extension of time	11	1	0	58	4	0	70	0	144
Applications received	135	101	221	474	72	220	388	64	1675
Applications processed	127	100	221	448	72	220	388	64	1640

Table 53: Land use applications finalised

Applications finalised																																	
Type of application	**Regions**																																**Total**
	1				**2**				**3**				**4**				**5**				**6 North**				**6 South**				**7**				
	Tebello				**Louis R**				**Ntokozo**				**Lettie**				**Louis V**				**Louis V**				**André**				**Louis V**				
Consent uses	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	
Consent use – general (Clause 16)	14	6	0	**20**	5	4	6	**15**	18	4	6	**28**	11	6	15	**32**	0	6	0	**6**	12	4	0	**16**	5	3	0	**8**	13	0	0	**13**	**138**
Peri-urban (Clause 6)	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	4	3	0	**7**	0	0	0	**0**	1	2	0	**3**	0	0	2	**2**	**12**
Permission second dwelling	2	1	0	**3**	3	0	1	**4**	25	0	0	**25**	5	0	3	**8**	1	1	0	**2**	7	11	0	**18**	6	2	0	**8**	0	0	0	**0**	**68**
Permission – general	1	0	0	**1**	0	0	0	**0**	0	0	0	**0**	1	0	0	**1**	0	0	0	**0**	0	1	0	**1**	0	0	0	**0**	9	0	0	**9**	**12**
Total: Content uses	**17**	**7**	**0**	**24**	**8**	**4**	**7**	**19**	**43**	**4**	**6**	**53**	**17**	**6**	**18**	**41**	**5**	**10**	**0**	**15**	**19**	**16**	**0**	**35**	**12**	**7**	**0**	**19**	**22**	**0**	**2**	**24**	**230**
Simultaneous consent use and removal of restrictive conditions	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	2	0	**2**	0	0	0	**0**	0	0	0	**0**	**2**
Subdivisions (15/86)	2	1	0	**3**	1	0	0	**1**	12	0	3	**15**	7	0	26	**33**	2	0	0	**2**	12	3	0	**15**	13	0	15	**28**	15	0	0	**15**	**112**
Consolidations	4	2	0	**6**	6	0	0	**6**	13	0	0	**13**	8	0	5	**13**	5	0	0	**5**	5	6	0	**11**	1	6	0	**7**	14	0	1	**15**	**76**
Total: Council subdivisions and consolidation	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**			0	**0**	2		0	**2**			**2**	**2**			0	**0**			0	**0**	**4**
Simultaneous subdivisions or consolidation	0	0	0	**0**	0	0	0	**0**	1	0	0	**1**	0	0	0	**0**	0	0	0	**0**	0	1	0	**1**	3	1	0	**4**	0	0	0	**0**	**6**
Divisions	0	0	0	**0**	0	5	0	**5**	0	6	0	**6**	0	0	0	**0**	0	3	0	**3**	0	2	0	**2**	2	0	0	**2**	0	0	1	**1**	**19**

Applications finalised

Type of application	Regions																																Tota
	1				2				3				4				5				6 North				6 South				7				
	Tebello				Louis R				Ntokozo				Lettie				Louis V				Louis V				André				Louis V				
Consent uses	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	
Removal or amendments or consent of restrictive conditions (Act 3 of 1996)	0	0	0	**0**	0	0	0	**0**	0	5	0	**5**	0	0	19	**19**	0	0	0	**0**	0	14	0	**14**	7	5	0	**12**	0	0	0	**0**	**50**
Rezoning																																	
Section 28 (Council property)	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	1	**1**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	5	0	2	**7**	**8**
Section 56	0	14	0	**14**	0	21	0	**21**	18	8	21	**47**	25	5	22	**52**	0	0	0	**0**	0	34	0	**34**	10	29	0	**39**	1	0	0	**1**	**208**
Simultaneous rezoning and removal of restrictive title conditions	0	0	0	**0**	0	1	0	**1**	2	4	2	**8**	0	0	0	**0**	0	0	0	**0**	0	3	0	**3**	6	11	0	**17**	0	0	0	**0**	**29**
Total: Rezoning	**0**	**14**	**0**	**14**	**0**	**22**	**0**	**22**	**20**	**12**	**23**	**55**	**25**	**5**	**23**	**53**	**0**	**0**	**0**	**0**	**0**	**37**	**0**	**37**	**16**	**40**	**0**	**56**	**6**	**0**	**2**	**8**	**245**
Township establishment																																	
Section 98(1)	0	4	0	**4**	0	4	0	**4**	0	0	0	**0**	0	0	20	**20**	0	3	0	**3**	0	13	15	**28**	0	1	0	**1**	0	0	0	**0**	**60**
Section 108 (City of Tshwane townships)	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	**0**
Total: Township establishment	**0**	**4**	**0**	**4**	**0**	**4**	**0**	**4**	**0**	**0**	**0**	**0**	**0**	**0**	**20**	**20**	**0**	**3**	**0**	**3**	**0**	**13**	**15**	**28**	**0**	**1**	**0**	**1**	**0**	**0**	**0**	**0**	**60**
Amendment after approval of a township																																	

Applications finalised

Type of application	Regions																																Tota
	1				2				3				4				5				6 North				6 South				7				
	Tebello				Louis R				Ntokozo				Lettie				Louis V				Louis V				André				Louis V				
Consent uses	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	Del	E-C	CPC	**Total**	
Administrative amendment to lay-out plan and/or conditions of establishment	10	0	0	**10**	16	0	0	**16**	0	0	0	**0**	65	0	0	**65**	0	0	0	**0**	0	11	0	**11**	0	12	0	**12**	0	0	0	**0**	**114**
Amendment application (Section 100)	0	0	0	**0**	0	6	0	**6**	0	0	0	**0**	0	0	2	**2**	0	0	0	**0**	0	0	0	**0**	0	3	0	**3**	0	0	0	**0**	**11**
Division (Section 99) – number of phases	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	**0**
Ordinance 25 of 1965 (Section 66A)	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	1	0	6	**7**	0	0	0	**0**	0	0	0	**0**	0	12	0	**12**	0	0	0	**0**	**19**
Total: Amendment after approval of a township	**10**	**0**	**0**	**10**	**16**	**6**	**0**	**22**	**0**	**0**	**0**	**0**	**66**	**0**	**8**	**74**	**0**	**0**	**0**	**0**	**0**	**11**	**0**	**11**	**0**	**27**	**0**	**27**	**0**	**0**	**0**	**0**	**144**
Total: Restrictions of access				**0**				**0**				**0**	0	0	0	**0**				**0**								**0**				**0**	**0**
Withdrawn	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	1	0	**1**	0	0	0	**0**	0	5	0	**5**	0	99	0	**99**	0	0	0	**0**	**105**
Extension of time	0	11	0	**11**	0	113	0	**113**	0	0	0	**0**	0	118	0	**118**	0	13	0	**13**	0	28	0	**28**	0	1	0	**1**	0	0	0	**0**	**284**
DFA applications	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	24	**24**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	**24**
Total: Applications finalised	**33**	**39**	**0**	**72**	**31**	**154**	**7**	**192**	**89**	**27**	**32**	**148**	**123**	**130**	**143**	**396**	**12**	**29**	**0**	**41**	**36**	**138**	**15**	**189**	**54**	**187**	**15**	**256**	**57**	**0**	**6**	**63**	**1357**

The different land use legislations/acts/ordinances stipulate turnaround times for handling of land use applications. All land use applications are processed within 60 days; however, the finalization of each application depends upon the completeness of all applications in terms of required legal and administration criteria.

The table below reflects a statistical summary between 5 Financial Years relating to activities of Building plan applications and functions performed. All Building Plans are processed within 30 days. Approval depends on compliance with administrative, documentary, National Building Regulations and legal requirements**.**

Table 54: Building control

Particulars	2008/09	2009/10	2010/11	2011/12	2012/13
Building plan applications received	18 239	10 269	13 495	16 310	19 529
Building plan applications approved	15 898	12 180	9 691	11 631	14 406
Site Development Plan submitted	900	967	951	989	938
Site Development Plan approved	765	585	589	559	611
Encroachment and height relaxation applications received	2 359	2 089	1 991	2 129	2 407
Encroachment and height relaxation applications approved	1 417	1 422	1 647	1 537	1 685
Building related inspections conducted	53 689	36 184	38 954	37 222	40 168
Building related kilometres travelled	337 879	286 337	278 742	365 332	380 715
Contravention notices served	1 588	1 090	1 370	1 365	898
Occupation certificates issued – residential	7 638	4 278	4 150	5 173	6 362
Occupation certificates issued – non-residential	155	136	137	100	141
Occupation certificates issued – additions and alterations to existing residential and non-residential buildings		1 350	1 548	1 704	1 731
Approved construction area (N)		1 914 620	1 123 211	1 696 700	2 140 964
Approved construction value (R)		10 724 582 480	6 809 491 743	10 659 099 994	

Table 55: Owing to applications not processed from the previous Financial Year

Particulars	2008/09			2009/10			2010/11			2011/12			2012/13		
	No	**Value** R	**Area** m^2	**No**	**Value** R	**Area** m^2	**No**	**Value** R	**Area** m^2	**No**	**Value** R	**Area** m^2	**No**	**Value** R	**Area** m^2
Building plans passed (final approval)															
Residential buildings															
Dwelling-houses	6 680	2 795 585 500	716 290	5 388	2 314 878 280	533 410	3 539	2 875 134 932	588 311	5 093	5 084 271 170	855 671	6 691	7 001 433 200	1 075 740
Flats	4 502	1 922 509 400	376 827	1 750	1 012 711 900	164 191	546	445 967 140	67 627	291	221 267 100	25 433	1 666	710 766 600	80 231
Other residential buildings	0	0	0	55	32 882 000	4 640	80	69 777 050	8 967	9	86 259 900	10 176	173	260 426 490	31 214
Total	**11 182**	**4 718 094 900**	**1 093 117**	**7 193**	**3 360 472 180**	**702 241**	**4 165**	**3 390 879 122**	**664 905**	**5 393**	**5 391 798 170**	**891 280**	**8 530**	**7 972 626 290**	**1 187 185**
Non-residential buildings															
Private schools, etc.	202	5 107 631 900	932 753	132	4 722 434 080	747 758	128	2 538 388 715	361 661	129	1 637 399 903	248 450	165	3 957 774 340	531 481
Additions and alterations to existing residential and non-residential buildings	4 514	2 359 243 400	503 094	4 855	2 641 676 220	464 621	5 398	2 435 541 873	406 726	6 109	3 629 901 921	556 971	5 651	2 928 437 090	422 298
Grand total	**15 898**	**12 184 970 200**	**2 528 964**	**12 180**	**10 724 582 480**	**1 914 620**	**9 691**	**8 364 809 710**	**1 433 292**	**11 631**	**10 659 099 994**	**1 696 700**	**14 406**	**14 858 837 720**	**2 140 964**
Buildings completed															
Residential buildings															
Dwelling-houses	3 476	2 236 452 000	537 604	2 297	1 791 646 440	385 649	2 954	2 093 373 720	417 841	4 919	3 977 254 268	681 391	5 874	4 573 805 670	753 855
Flats	4 162	2 383 941 450	472 664	1 602	876 086 380	142 669	1 159	788 938 710	113 062	181	102 138 000	11 740	484	301 291 800	33 494
Other residential buildings	0	0	0	379	67 502 050	9 381	37	13 784 800	1 914	73	30 765 100	3 715	4	22 692 930	2 531
Total	**7 638**	**4 620 393 450**	**1 010 268**	**4 278**	**2 735 234 870**	**537 699**	**4 150**	**2 896 097 230**	**532 817**	**5 173**	**4 110 157 368**	**696 846**	**6 362**	**4 897 790 400**	**789 880**
Non-residential buildings															

Particulars	2008/09			2009/10			2010/11			2011/12			2012/13		
	No	Value R	Area m²	No	Value R	Area m²	No	Value R	Area m²	No	Value R	Area m²	No	Value R	Area m²
Private schools, etc.	155	2 651 349 200	478 316	136	4 411 265 860	666 689	137	3 399 923 615	504 410	100	3 088 490 645	434 624	141	3 014 818 630	396 200
Additions and alterations to existing residential and non-residential buildings	1 593	712 212 900	151 907	1 350	614 191 220	108 895	1 548	513 470 898	85 984	1 704	851 302 040	130 175	1 731	979 211 378	139 090
Grand total	**9 386**	**7 983 955 550**	**1 640 491**	**5 764**	**7 760 691 950**	**1 313 283**	**5 835**	**6 809 491 743**	**1 123 211**	**6 977**	**8 049 950 053**	**1 261 645**	**8 234**	**8 891 820 408**	**1 325 170**

3.7.2 CAPITAL EXPENDITURE

Table 56: Capex: City Planning and Development

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Expenditure Projection	Cumulative Actual	Cumulative Expenditure Projection Not/ (Over) Spent	% Cumulative Expenditure Projection Not/ (Over) Spent
City Planning & Development	Capital Funded from Operating (City Planning & Development)	9.712751.1.007	1,500,000	1,500,000	1,500,000	1,500,000	1,331,170	168,830	11%
City Planning & Development	Survey equipment roll out (Technology replacement)	9.712844.1.001	700,000	700,000	700,000	700,000	-	700,000	100%
City Planning & Development	Plan machine AO (Development information equipment)	9.712845.1.001	3,000,000	3,000,000	2,690,000	3,000,000	2,666,870	333,130	11%
City Planning & Development	Plan machine AO (Development information equipment)	9.712845.1.015	-	-	310,000	-	-	-	0%

3.7.3 Town planning scheme

The Department initiated the process of reviewing the Tshwane Town Planning Scheme, 2008 by incorporating the following schemes:

i) Peri Urban Areas Town-planning Scheme, 1975,
ii) The Pretoria Region Town-planning Scheme, 1963,
iii) Bronkhorstspruit Town-planning Scheme, 1980 and
iv) Greater Cullinan Town-planning Scheme, 1999

The Draft Tshwane Town Planning Scheme, 2008 (Revised 2013) was approved by Council on the 31 July 2013.

The process will include the advertisement of the draft scheme of the public, interested and affected parties, councilors to comments of the scheme. The inputs will be considered and incorporated into the scheme.

The finalization of the scheme is expected in June 2014

3.7.4 Street Naming

The Toponomy Functional Unit in the department of City Planning is responsible for the naming and renaming of public places and streets, as well as the management and maintenance of the data base of all the addresses in the City of Tshwane Metropolitan Municipality.

3.7.4.1 Approved Street Names on the Geographical Names Bank

A database (geographical names bank) has been compiled and maintained for easy reference. In order to populate the names bank, employees had to identify and research new themes. This duty was carried out with enthusiasm. A total of 26 geographical names bank reports that included 1021 new street names were approved by Council.

3.7.4.2 Finalisation of Naming Projects

Due to the availability of street names on the geographical names bank, 78 projects have been finalised with 966 approved names. This demonstrates that the Geographical Names Bank is a vital instrument in the management of the allocation of approved street names.

308 Maps were prepared for either new or allocation projects. A total of 79 naming projects were sent out to Councillors. This process is continuous and new projects are identified and send out to Councillors as required. Council approved 1 public place naming project report and a progress report.

By being instrumental in the allocation of street names (addresses) the service delivery of Council is enhanced, resulting in residents being provided with essential services such as water, electricity, emergency services etc.

3.7.4.3 Street Name Enquiries

The Toponomy Unit also achieved remarkable results with street name enquiries due to the implementation of the Batho Pele Principles. They are courteous to the clients, provide accurate information and consult on a daily basis with Ward Councillors and Developers. A total of 165 internal audits were done on existing street names. This entailed the auditing of approved reports and verification that they were allocated on the maps, the placing of name boards and so on. The unit also attended to 63 internal and 121 external existing street name queries which included rectification of name boards, illuminated street name boards, incorrect names on the Arc GIS. All enquiries were verified and send to the relevant departments for rectification.

3.7.4.4 Other Tasks

The department in addition prepared 261 duet plans, capturing of 13 336 addresses, modification or amendment of 70 390 addresses and resolving 1 795 address queries.

The Toponomy unit is also responsible for naming of new township applications and comments with regard to township and street names. They have attended to 56 reservations of new township names, commented on 245 township applications, 158 township approvals and 40 general plans. A total of 82 private street names were confirmed and 24 popular names were implemented.

24 Township establishment notices and 34 proclamations were attended to. 202 Files and 4 498 documents from old files were transferred onto the electronic filing system, enabling secure record keeping.

3.8 Local economic development

Local economic development is spear-headed by the Economic Development Department in the City of Tshwane. The Department's key performance areas include:

- Trade and investment, facilitation and attraction
- Provide business support to small, medium and micro enterprises and cooperatives
- Implementation of the Expanded Public Works Programme

In the 2012/13 Financial Year the following was achieved:

- 5 971 entrepreneurs and small, medium and micro enterprises were supported during the year under review.
- 494 entrepreneurs were supported through the Trade Development Programme.
- 4 432 beneficiaries benefited from the Cooperative Programme.
- Economic infrastructure was provided for informal traders in the inner city (Region 3) and Mamelodi (Region 6). The infrastructure includes storage facilities, ablution facilities, 55 stalls and administrative offices for informal traders' representatives in Tshwane.
- 20 386 jobs were created through the Expanded Public Works Programme.

The table below gives progress on key performance areas of the Department.

Table 57: KPAs

Key performance area	Key performance initiative	5-year programme target	Achieved 2008/09	Achieved 2009/10	Achieved 2010/11	Actual 2012/13	Comments and corrective actions
Facilitate job creation	Number of job opportunities created through EPWP initiatives		NA	NA	7 412	20 386	Improved cooperation from departments
Facilitate job creation	Rand value of new investment in Tshwane	9 000 000 000		8 548 352 625	362 140 925	2 000 000 000	
Facilitate job creation	Number of jobs created in the economy as a result of investments in Tshwane	2 000	New KPI in 2011/12	New KPI in 2011/12	New KPI in 2011/12	1 505	
Community capacity	Number of entrepreneurs or SMMEs supported			6 913	5 941	5 971	
Community capacity	Number of beneficiaries of skills development programmes			1 609	1 049	792	
Community capacity	Number of entrepreneurs supported through the Trade Development Programme	New KPI in 2010/11	New KPI in 2010/11	New KPI in 2010/11	387	494	

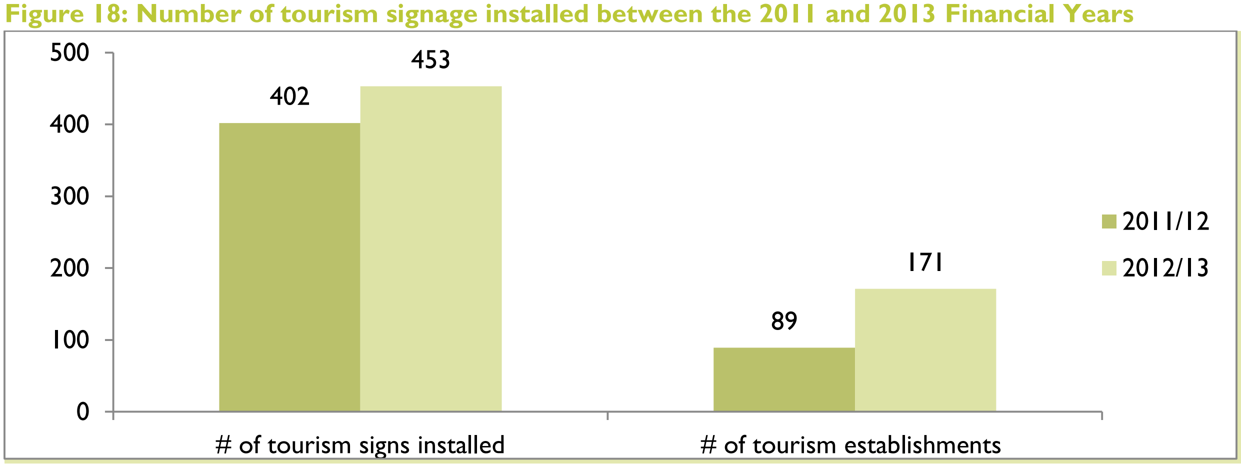
Key performance area	Key performance initiative	5-year programme target	Achieved 2008/09	Achieved 2009/10	Achieved 2010/11	Actual 2012/13	Comments and corrective actions
Community capacity	Number of beneficiaries of the Cooperative Programme					4 432	
Stakeholder management	Number of industry forums established and launched	7	0	0	0	7	This is a new KPI for the 2012/13 Financial Year

3.8.1 TOURISM SIGNAGE

The Tourism Signage Project has been implemented by the Economic Development Department in partnership with the Department of Transport since the 2011/12 Financial Year. The main aim of this project is to contribute towards the facilitation of the tourism industry in Tshwane, by providing brown and white signs to tourism facilities owned by people from a previously disadvantaged background. Through this project the Department also provided signs for tourism related products and services, such as churches, police services, and history and heritage sites.

Since the inception of this project, the annual budget was approximately R2 million. During the 2011/12 Financial Year, 402 brown and white signs were installed for 89 facilities and during the 2012/13 Financial Year, 453 signs were installed for 171 facilities. This means that despite the decline of the budget in real terms, the Tourism Signage Project output increased by 12,7% between the 2011/12 and 2012/13 Financial Years.

Figure 18: Number of tourism signage installed between the 2011 and 2013 Financial Years



3.8.2 BOOK-A-GUESTHOUSE PROGRAMME

The Tsogo Sun Book-a-Guesthouse is a skills-based entrepreneurial development programme that provides support to black South Africans, particularly women, who operate their own guesthouses. Book-a-Guesthouse is positioned within Tsogo Sun's SunCares Programme, which was launched in July 2012 as Tsogo Sun's commitment to sustainability in tourism planning, incorporating entrepreneurial development, community relations and environmental management. The SunCares initiatives are united and enable Tsogo Sun to serve as a catalyst for change within every aspect of its upliftment and environmental programmes.

The programme's objectives are to –

- empower women in the tourism industry in South Africa, specifically guesthouse owners;
- contribute towards the development of sustainable businesses in the sector;
- facilitate job creation (direct and indirect) and thus contribute towards economic growth; and
- encourage wealth creation and profitable businesses.

Book-a-Guesthouse operates on a three year model, during which time a framework of support is provided in line with the interventions required to ensure that the entrepreneur and his or her business is able to thrive independently in the long term. By the end of the third year, entrepreneurs are sufficiently developed to manage their businesses with confidence as a result of the following training:

- Completion of year 1: Tsogo Sun Book-A-Guesthouse Entrepreneur
- Completion of year 2: Tsogo Sun Book-A-Guesthouse Graduate
- Completion of year 3: Tsogo Sun Book-A-Guesthouse Alumnus

The entrepreneurs who have completed the three-year development programme are given the opportunity to remain in the programme as alumni. Alumni receive mentor training and give back through the New Entrepreneur Programme. They also continue to receive access to marketing and development opportunities within the programme on an optional basis.

There are presently 60 independently owned and operated bed and breakfast and guesthouse establishments supported by Book-a-Guesthouse. These are located in Gauteng, Limpopo, KwaZulu-Natal and the Western Cape.

This project is run in partnership with the Tourism Enterprise Programme, The Federated Hospitality Association of Southern African (FEDHASA), provincial tourism authorities, Rennies Travel, Baird's, the Tourism Grading Council of South Africa and municipalities. The City of Tshwane is also a partner. The following tourism establishments from Tshwane are participating in this programme:

- Lizvilla Guesthouse (Akasia)
- Tebogo B & B (Mabopane)
- Kgadi's B & B (Heuweloord)
- Ko-iketla (Akasia)

- Le-Bamboo Guesthouse (Proclamation Hill)

The plan for the 2013/14 Financial Year is to increase the number of participants or beneficiaries from Tshwane by eight new tourism establishments and to formalise the relationship between Tshwane and the Book-a-Guesthouse Programme through the signing of a memorandum of agreement.

3.8.3 Tourism Star Grading Programme

The Economic Development Department has signed a three year partnership agreement with the Tourism Grading Council of South Africa in June 2013, with the intention of rolling out a comprehensive star grading programme in Tshwane. This partnership agreement includes the hosting of seven star grading road shows across the City of Tshwane's seven regions annually and star grading of over 700 tourism establishments owned by people from a previously disadvantaged background (mainly businesses owned by women and youth).

The following are benefits of star grading for the tourism establishments:

- Have direct access to millions of global travellers through the strategic online partnerships with booming travel sites like TripAdvisor.
- Benefit from huge savings on search engine optimisation, as all the graded establishments automatically receive top results on Google search.
- Connect with potential travellers through the close business association with South African Tourism and the huge investments they make.
- Be able to tap into the rewards of the multi-billion rand government business; all government officials are legally obliged to use establishments graded by Tourism Grading Council of South Africa (TGCSA).
- Benefit immensely from exclusive rights that enable establishments to display the globally recognised star graded plaque that gives it the immediate premium quality recognition it deserves.
- Be given a competitive advantage over all ungraded establishments from the start.

3.8.4 Tshwane Automotive City Project Management Office

In the 2012/13 Financial Year, the City of Tshwane endorsed the concept of Tshwane Automotive City as an initiative aimed at growing and developing the city's automotive sector. Tshwane Automotive City is a strategic infrastructure project aimed at the incorporation of the complete range of the automotive manufacturing and distribution supply chains into one location and therefore synergistically gaining the benefits of being in close proximity to each other. The Rosslyn area has been chosen as the ideal location for the Tshwane Automotive City Project.

To enable the proper implementation of Tshwane Automotive City, adherence to the project implementation principles remains an important requirement. To this end, the City of Tshwane has

reached an agreement with the Automotive Industry Development Corporation on the co-funding towards the establishment and operation of the Tshwane Automotive City Project Management Office. The total funding required for the establishment and operations of the Tshwane Automotive City Project Management Office for the next three-year cycle is estimated at R15 600 000, which includes VAT. The funding required from the City of Tshwane Metropolitan Municipality (based on the co-funding model) is R7 800 000 including VAT.

Figure 19: Opening of the Garankuwa Automotive Incubator

3.8.5 AUTOMECHANIKA TRADE FAIR

The City of Tshwane, in collaboration with the Automotive Industry Development Centre (AIDC), participated in the Automechanika Trade Fair from 8 to 11 May 2013. Automechanika is South Africa's leading international bi-annual trade fair for the automotive industry, targeting trade visitors from the Sub-Saharan region. It is also positioned as the leading meeting place for the automobile sector in Southern Africa, it is the gateway to Africa and the leading brand amongst business-to-business automotive aftermarket trade fairs.

The City exhibited on a floor space of 45m² in conjunction with the AIDC and presented six black owned, export-ready Tshwane-based companies within the automotive and components sector.

The participation of the six export-ready companies on the City's stand was aimed at providing them with a platform to enter the automotive industry and market. This is a direct need expressed by the original equipment manufacturers (OEMs) e.g. Nissan, Ford and BMW, as there is a shortage of black owned companies in the automotive sector.

In partnership with the AIDC, the City hosted a business breakfast aimed at outlining the value proposition for investment in the automotive sector in Gauteng and showcasing the City's potential and initiatives being implemented to grow and develop the automotive and components sector in Tshwane.

The targeted audience for this event included existing and prospective investors, key strategic international delegates and stakeholders.

The AIDC secured a hospitality suite for the duration of the event, which was utilised in partnership with the City for holding one-on-one meetings with stakeholders and potential investors, and to display and distribute detailed information on the services, projects and initiatives of the AIDC. The City was also afforded a platform to distribute its informational and promotional material at the suite.

3.8.6 Hammanskraal BPO Park Feasibility

The City of Tshwane has identified the Business Process Outsourcing and Offshoring (BPO&O) sector as critical for development due to the sector's potential to generate large scale employment opportunities, investment and economic growth. The City of Tshwane is endowed with location advantages, such as academic institutions, research and development facilities, a large talent pool (unskilled and skilled population), world-class connectivity, infrastructure and the first science park in Africa. It is against the backdrop of the prevailing socio-economic challenges that faces the city, that it makes economic sense to pursue and fast-track the development of this strategic sector of the economy.

In 2012, the Mayoral Committee approved a land swap arrangement in which the City of Tshwane will exchange some land parcels in Hatfield for the University of Pretoria campus in Hammanskraal. The land swap arrangement between the City and the University of Pretoria is currently being finalised and it is the City's intention to localise the Hammanskraal BPO campus at the said University of Pretoria campus.

The City has appointed the Council for Scientific and Industrial Research (CSIR) to conduct the prefeasibility study and business case for developing a BPO park in Hammanskraal. These were completed and presented to the Mayoral Committee. In an attempt to ensure that the BPO park is implemented, the City furthermore appointed the CSIR to develop a feasibility study and business case for this project. In addition, the City is in discussions with the Department of Trade and Industry and BPESA Western Cape

towards the formation of a partnership, aimed at the implementation of the BPO project and the provision of support to the broader Tshwane BPO sector.

3.8.7 IDENTIFICATION OF INVESTMENT OPPORTUNITIES IN INDUSTRIAL ESTATES

The City of Tshwane has 17 industrial estates within its boundaries, of which 14 are privately owned and 3 are owned by government and managed by the North West Development Corporation (Babelegi and Ga-Rankuwa) and Mpumalanga Economic Development Agency (Ekandustria). The privately owned industrial estates are located in Hermanstad, Pretoria CBD, Sunderland Ridge, Rooihuiskraal, Irene, Hennopspark, Samcor Park, Waltloo, Silvertondale, Koedoespoort and Silverton. The industrial estates play an important role in the economies of both developed and developing countries. It is within this context that the City of Tshwane appointed the CSIR to conduct a study on the identification of economic opportunities in the industrial parks.

A total of four investment opportunities were identified and packaged as follows:

Table 58: Progress on opportunities

Opportunity	Area or region	Internal rate of return	Net present value (R)	Investment value (R)	Employment impact
Hammanskraal buy-back centre	Babelegi Industrial Estates, Region 2	31,67%	4 600 000	3 100 000	23
Solar photovoltaic panel assembly plant	Babelegi Industrial Estates, Region 2	143,3%	320 900 000	60 400 000	115
Rooiwal packaging facility	Region 2	11,3%	103 000	2 100 000	8
Waste tyre granulation plant	Region 2	17,29%	31 300 000	53 300 000	51
Total investment				**118 900 000**	**197**

3.8.8 STAKEHOLDER ENGAGEMENT

The MMC for Economic Development and Planning, Councillor Subesh Pillay, hosted his inaugural stakeholder engagement for Regions 5 and 7 on 18 June 2013 at Cullinan. The stakeholder engagement comprised of a site visit and a formal meeting with the business community from the two regions. The site visits included:

- Godrich Group Project in Bronkhorstspruit, Region 7: an automotive commercial garage with a total investment of R50 million, a total of 150 people are employed during construction and an additional 150 jobs will be created during the operation;
- Rayal Trading Project at Ekandustria, Region 7: a tile factory with a total investment of over R500 million and 300 jobs created to date, the projected employment will be 1 200 in 5 years;
- Chipa Tabane High School Project, Region 5: a technical high school project where De Beers and the Petra Cullinan Diamond Mine will be investing R4 million for equipping the technical

workshops with electrical, civil and mechanical technology. The facilities will also be accessed by unemployed youth from the Refilwe township and the mine will be recruiting future employees from this facility.

The last session of the engagement was with the key business stakeholders from the two regions and the purpose was to share with them the City's planned projects and programmes for the 2013/14 Financial Year. The Tshwane Economic Development Agency (TEDA), the Department of Trade and Industry and regions 5 and 7 presented their plans and programmes. It was clear at the end of the session that the stakeholders were excited about the platform to engage with the City and they have requested that such engagements should be held on a quarterly basis.

The MMC for Economic Development and Planning will be hosting similar engagements with the business community from the other five regions during the 2013/14 Financial Year.

3.8.9 STRATEGIC TOURISM MASTER PLAN FOR REGIONS 2, 5 AND 7

Due to the recent incorporation of the erstwhile Metsweding District Municipality and its two local municipalities in Tshwane after the 2011 local government elections, the City of Tshwane has contracted Harvest Tourism (Pty) Ltd to undertake the development of a strategic tourism development plan for regions 2, 5 and 7.

The plan identified three critical areas for investment and development in order to develop the regions' tourism nodes. They are the following:

- Tswaing Crater upmarket accommodation (Region 2)
- Edwardian fairground (Region 5)
- Waterfront development at the Bronkhorstspruit Dam (Region 7)

3.8.10 SKILLS DEVELOPMENT PROGRAMMES

The City of Tshwane's Skills Development Programme is guided by the Skills Development Act, 1998 (Act 97 of 1998), National Skills Development Strategy 2011 to 2016 and Priorities of the New Growth Path, the National Development Plan Vision 2030, the Industrial Policy Action Plan, the Gauteng Industrial Policy Framework 2010 to 2014 and the City Development Strategy, amongst others.

The City's Skills Development Programme is aimed at addressing skills shortages in the City's priority sectors, thus ensuring the creation of an enabling soft infrastructure to support the growth and development of the priority sectors. Moreover, the Skills Development Programme is aimed at improving the capacity of community members to obtain employment opportunities or start their own businesses.
The broader South African economy and the Tshwane economy is faced with challenges in relation to skills shortages in critical areas, such as artisans. To address this challenge, the Economic Development Department entered into a partnership agreement with Desto, a company specialising in artisan training,

from the 2011/12 Financial Year. The following is a list of artisan training provided through the partnership with Desto and the associated progress:

Table 59: Progress on skills development

Type of training	Progress 2011/12	Progress 2012/13	Cumulative total	Target 2011 to 2016
Technical or artisan related training (bricklaying, plastering, plumbing, roofing, painting, boiler making, welding and electrical related training).	A total of 548 artisans were trained.	A total of 792 artisans were trained. The Financial Year target was 740.	From the 2011/12 Financial Year, a total of 1 340 artisans were trained.	From the 2011 to 2016 Financial Years, a total of 3 500 artisans will be trained.

In anticipation to properly support the City's economic sectors and contribute towards increasing the City's skills capacity and the creation of decent jobs, amongst others, the Economic Development Department will ensure the establishment of the Training Academies to focus on the provision of customised training in the City's priority sectors. By 2016, the following training academies will be operational and regionally based within Tshwane:

Table 60: Training academies to be operationalised

Academies	Training outputs	Region	Target 2013–2017	2013	2014	2015	2016	2017
BPO academy	Skilled and qualified call centre operators	2	750	150	150	150	150	150
ICT academy	Skilled and qualified ICT technicians	2	500	100	100	100	100	100
Tooling academy	Skilled and qualified toolmakers, machine operators and maintenance workers	1 and 2	500	100	100	100	100	100
Automotive academy	Skilled and qualified artisans in auto mechanics and auto body repairs	1	500	100	100	100	100	100
Aerospace academy	Skilled and qualified artisans in aerospace components manufacturing, machine	4	500	100	100	100	100	100

Academies	Training outputs	Region	Target 2013–2017	2013	2014	2015	2016	2017
	maintenance and repairs							
Tourism academy	Skilled and qualified game rangers, tour operators, waiters and chefs	1	750	150	150	150	150	150
Construction	Skilled artisans in bricklaying, plastering, plumbing, roofing, painting, boiler making, welding and electrical related training	2	3 700	740	740	740	740	740

It is anticipated that through the outputs from the existing training initiatives and the planned training academies, the City will be in a better position to provide the required support to enable continuous sector growth and development. Through these initiatives, the city can become the ultimate investment destination for both domestic and foreign investors, resulting in improved economic competitiveness and enhanced contribution towards the growth and development of the Tshwane economy.

3.8.11 INDUSTRY FORUMS

Based on the performance of the economic sectors, the Economic Development Department prioritised the following sectors for support and development and also for the establishment of sector or industry forums to provide sector specific and effective support to the City:

1. Agro-processing
2. Automotive
3. Aerospace
4. Mining
5. Tourism
6. Business processing and outsourcing and ICT
7. Green industries and economy

A report to establish sector or industry forums and to implement shared projects with the identified stakeholder organisations was approved by the Mayoral Committee during June 2013. The following projects and programmes will be implemented during the 2013/14 Financial Year:

- **Agro-processing sector (African Farmers Association of South Africa and Agriculture Gauteng):**
    - Establishment and management of the Agricultural Sector Forum

- Compilation of a comprehensive database of farmers (products, land etc.)
- Conducting of skills audit in Tshwane's agricultural sector
- Development and implementation of the agricultural sector strategy
- Participation in platforms to promote Tshwane's agricultural sector

- **Automotive sector (Automotive Industry Development Centre):**
  - Establishment and management of the Automotive Sector Forum
  - Conducting of skills audit in Tshwane's automotive sector
  - Development and implementation of the automotive development sector strategy
  - Participation in platforms to promote Tshwane's automotive sector
  - Establishment and operation of the project management office to plan and implement the Tshwane Automotive City Project
  - Cooperation in the operation of the Gauteng Automotive Training Academy

- **Aerospace (National Aerospace Centre and Aerospace Industry Support Initiative):**
  - Establishment and management of the Aerospace Sector Forum
  - Compilation of a comprehensive database of companies within the sector
  - Conducting of skills audit in Tshwane's aerospace sector
  - Development and implementation of the aerospace sector strategy
  - Participation in platforms to promote Tshwane's aerospace sector
  - Provision of ongoing information on the performance of the aerospace sector (jobs, investments etc.)
  - Conducting of road shows to promote the aerospace sector to the previously disadvantaged communities
  - Provision of infrastructure support for the development and joint promotion of the Centurion Aerospace Village
  - Establishment of an aerospace training academy

- **Mining sector (Tshwane Mining Forum):**
  - Establishment and management of the Tshwane Mining Forum
  - Development and implementation of the mining beneficiation strategy for Tshwane
  - Identification and implementation of projects in line with the Mining Charter's Social and Labour Plan
  - Participation in platforms to promote Tshwane's mining sector

- **Tourism sector (Tshwane Tourism Association):**
  - Establishment and management of the Tourism Sector Forum;
  - Compilation of a comprehensive database of tourism establishments
  - Conducting of skills audit in Tshwane's tourism sector
  - Development and implementation of the tourism development sector strategy
  - Participation in platforms to promote Tshwane's tourism sector

- Provision of ongoing information on the performance of the tourism sector (arrivals, occupancy rate, spend etc.)
- Development of tourism routes
- Conducting of road shows to promote star grading and signage
- Identification of tourism infrastructure requirements

- **Business processing and outsourcing sector (Business Process Enabling South Africa):**
  - Establishment and management of the BPO Sector Forum
  - Compilation of a comprehensive database of companies within the BPO sector
  - Conducting of skills audit in Tshwane's BPO sector
  - Development and implementation of the BPO sector strategy
  - Participation in platforms to promote Tshwane's BPO sector
  - Provision of ongoing information on the performance of the BPO sector (jobs, investments)
  - Conducting of road shows to promote the BPO sector to the previously disadvantaged communities
  - Development and promotion of the BPO Park in Hammanskraal
  - Establishment of a BPO training academy in Hammanskraal
  - Provision of technical support on the BPO Park Feasibility Study Project

3.8.12 STATISTICS ON LOCAL ECONOMIC DEVELOPMENT

Table 61: Economic activity by sector (a)

Economic activity by sector R '000			
Sector	**2010**	**2011**	**2012**
Agriculture, forestry and fishing	1 035	1 110	1 267
Mining and quarrying	2 901	2 749	2 137
Manufacturing	29 331	29 655	30 748
Wholesale and retail trade	32 878	37 419	42 357
Finance, property, etc.	63 134	71 806	80 140
Government, community and social services	68 865	76 654	83 635
Infrastructure services	27 761	32 036	34 736
Total	225 905	251 428	275 019

Note: Above data is reported on a calendar year basis

Table 62: Economic activity by sector (b)

Economic activity by sector R '000			
Sector	**2009/10**	**2010/11**	**2011/12**
Agriculture, forestry and fishing	1 042	1 072	1 188

Economic activity by sector			
			R '000
Sector	**2009/10**	**2010/11**	**2011/12**
Mining and quarrying	2 770	2 825	2 443
Manufacturing	28 762	29 493	30 201
Wholesale and retail trade	29 959	35 148	39 888
Finance, property, etc.	60 860	67 470	75 973
Government, community and social services	65 223	72 760	80 145
Infrastructure services	26 210	29 898	33 386
Total	214 826	238 666	263 223

Table 63: Employment by sector

Economic employment by sector			
			Jobs
Sector	**2010 number**	**2011 number**	**2012 number**
Agriculture, forestry and fishing	9 950	9 715	9 338
Mining and quarrying	2 567	2 801	2 681
Manufacturing	124 981	124 707	126 164
Wholesale and retail trade	264 308	263 864	276 438
Finance, property, etc.	329 720	316 401	334 197
Government, community and social services	247 817	257 904	272 996
Infrastructure services	78 108	80 677	83 187
Total	1 057 451	1 056 069	1 105 001

Note: Above data is reported on a calendar year

Economic employment by sector			
			Jobs
Sector	**2009/10 number**	**2010/11 number**	**2011/12 number**
Agriculture, forestry and fishing	9 833	9 527	9 903
Mining and quarrying	2 684	2 741	2 713
Manufacturing	124 844	125 436	125 205
Wholesale and retail trade	264 086	270 151	278 673
Finance, property, etc.	323 060	325 299	339 923
Government, community and social services	252 861	265 450	282 500
Infrastructure services	79 392	81 932	85 517
Total	1 056 760	1 080 535	1 124 433
			T 3.11.3

Note: Above data is based on an extrapolation of the calendar year data (averaged over the two Financial Year periods)

Data source: ReX Regional Explorer (2013)

3.8.13 JOB CREATION

In order to address the triple challenge of poverty, inequality and unemployment, the City of Tshwane identified the creation of jobs to be a priority. The tables below provide progress on job creation for the 2012/13 Financial Year.

Table 64: Job creation, excluding EPWP

Jobs created during year 0 by LED initiatives (excluding EPWP projects)				
Total jobs created and top 3 initiatives	**Number of jobs created**	**Number of jobs lost or displaced by other initiatives**	**Net total of jobs created in year**	**Method of validating jobs created or lost**
Total (all initiatives)				
Year 0	1 505		1 505	Letter from investors confirming the total number of jobs created as a result of landed investment
Year -1	2 658		2 658	Letter from investors confirming the total number of jobs created as a result of landed investment
Year -2	3 827	10 141	6 314	Jobs created through the municipality's capital projects

Table 65: Job creation EPWP

Job creation through EPWP* projects		
Details	**Number of EPWP projects**	**Number of jobs created through EPWP projects**
Year 0	224	20 386
Year -1		19 001 (unverified job opportunities); 8 550 (verified job opportunities)
Year -2		7 412 (verified job opportunities)
** Expanded Public Works Programme*		*T 3.11.6*

3.8.14 Capital Expenditure of the Economic Development Department

Table 66: Capex of Economic Development Department

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
Economic Development	Establish Informal Trade Markets: Inner City, Mabopane	9.710488.2.001	-	9,500,000	9,500,000	9,493,018
Economic Development	Capital Funded from Operating	9.712754.1.007	1,500,000	1,500,000	1,500,000	1,450,829
Economic Development	Marketing & Trading Stalls - Mamelodi	9.712793.1.001	1,500,000	1,500,000	1,500,000	1,487,066
Economic Development	Expanded Public Works Programme	9.712937.1.009	10,151,000	-	-	-

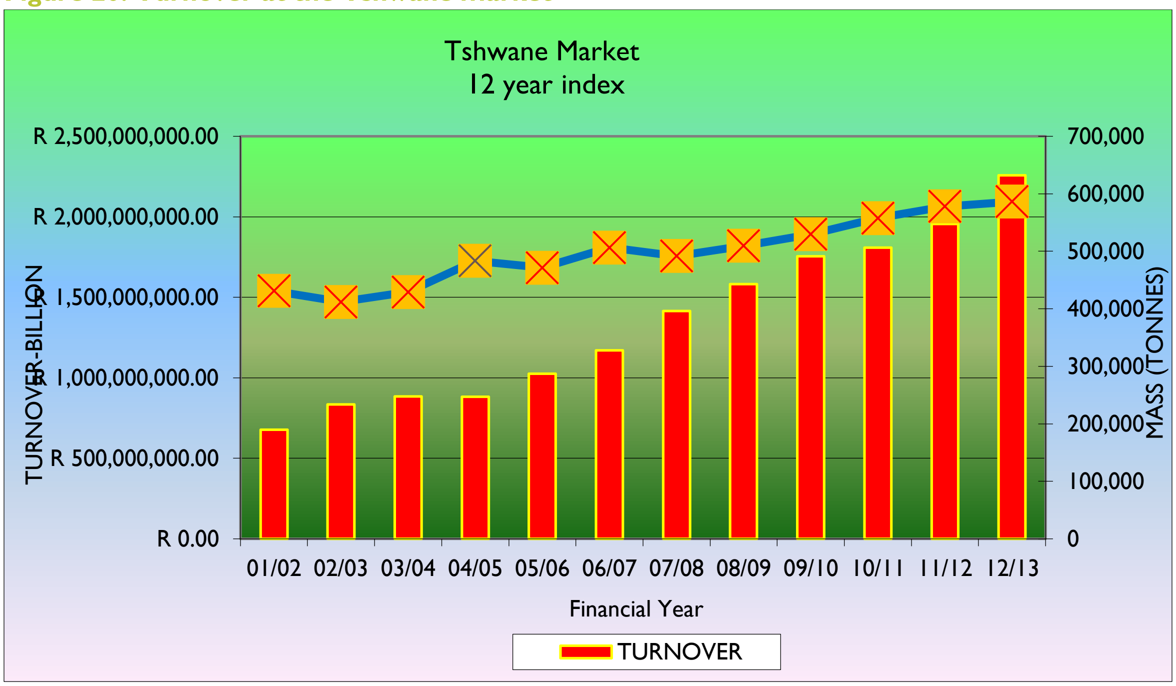
Table 67: Mega projects

KPA	Project name	Project number	Fund	R start Financial Year	Adjustment budget	R spent end June 2013	Ward	Corrective actions
Provide infrastructure for growth	Establish informal trade markets: Inner City, Mabopane	710 488	1	0	9 500 000	9 493 017,85	58, 60	None
Provide infrastructure for growth	Tourism signage	710 579	1	2 000 000	2 000 000	1 813 917,33	Various	None
Provide infrastructure for growth	Capital funded from operating budget	712 754	7	1 500 000	1 500 000	1 450 671,02	58, 60	None
Provide infrastructure for growth	Marketing and trading stalls: Mamelodi	712 793	1	1 500 000	1 500 000	1 487 066,27	38	None
Provide infrastructure for growth	Operation I Can	712 940	15	0	9 000 000	8 980 424,50	58,60	None

3.8.15 THE TSHWANE FRESH PRODUCE MARKET

The Tshwane Market achieved a turnover of R2 257 billion for the 2012/13 Financial Year, a 15,48% growth from R1 954 billion in the 2011/12 Financial Year. The Market's rand per tonne increased from R3 382,44 (2011/12) to R3 850,36 (2012/13). The Tshwane Market is only the second market of the 19 national markets to reach the R2 billion mark for any Financial Year.

Figure 20: Turnover at the Tshwane market



The Market's mass grew by 1,45 percentage points over the previous Financial Year from 577 976 in 2011/12 to 586 343 in 2012/13.

Sixty (60) Fresh Produce Entrepreneurs received training for Informal Traders during March 2013 from the Greater Olievenhoutbosch area.

3.8.16 TSHWANE ECONOMIC DEVELOPMENT AGENCY (TEDA)

3.8.16.1 BACKGROUND OF TEDA

Tshwane Economic Development Agency SOC Ltd (**TEDA**) Registration Number 2006/019396/07 is a state-owned company registered in terms of the Companies Act (Act No71 of 2008), with Companies Office on 23 June 2006;

TEDA was established as a municipal entity of the City of Tshwane Metropolitan Municipality (the City) on 2 November 2006. TEDA's mandate was revised by Council on 8 November 2013 and covers the following areas:

1. Trade and Investment Promotion, Facilitation and Aftercare;
2. Trade and Investment Programme Implementation:
3. Promotion of Export-Ready Companies;
4. Trade, Investment and Tourism Management Services;
5. Development Facilitation;
6. The Maintenance of an Infrastructure Investment Vehicle;
7. Strategic Land and Buildings Portfolio Management;
8. Social Infrastructure Investment Facilitation;
9. Programme Management in relation to Investment Projects responding to EPWP;
10. Sectorial and Skills Development Programme linked to Trade and Investment Projects;
11. International Investment Outbound and Inbound Missions aligned to the Market Analysis conducted by the Economic Intelligence Division;
12. Strategic Trade and Investment Events and Activities;
13. One-Stop Investment and Export Centre;
14. Tourism Management:
15. Stakeholder Liaison/Strategic Partnerships;
16. Implementation of Programme identified in Sister-City Agreements; and
17. "Game Changer" Programme Implementation as assigned by City.

During the 2012/13 Financial Year it was impractical to realize any of the TEDA Mandate in absence of a concluded SDA between the City and the TEDA. The SDA was concluded on 28 June 2013.

3.18.6.2 TEDA ORGANOGRAM

CEO AND EXECUTIVE IN THE CEO'S OFFICE

The CEO provides Effective Strategic Leadership and Operational Leadership to TEDA so that the organisation achieves its objectives. Drive the compliance framework for the organisation on an on-going basis: Reviewing and implementing strategy and business processes.

The role of the Executive is to support the Chief Executive Officer with strategic and operational performance tracking and support strategic project interventions as required by the CEO. Be the key communications link between the CEO and the TEDA Executive team and the Company Secretary.

COMPANY SECRETARY

The office of the Company Secretary has been set up to facilitate communication and playing an overall advisory role within TEDA and to the Board. The company secretary is responsible for corporate governance, company secretariat and compliance with the MoU, rules of the company and relevant laws. The Company Secretary will render an effective one stop service to the Board of Directors and all related committees

AUDIT AND RISK

The Audit and Risk Executive will provide assurance to the CEO and the board of on-going internal audit processes to ensure that business risk is tabled and addressed on an on-going basis. The Audit Executive will be supported by a team of external professionals.

CHIEF FINANCIAL OFFICER

The Finance Management and Reporting Business Unit has been established to ensure the management and reporting of TEDA's financial resources. The key objective is to deliver on transparent and effective financial management controls and reports in line with legislative requirements of TEDA.

CORPORATE SERVICES

The Corporate Services Functional Unit will provide support to the entire TEDA organisation. Key functions of this team will include Human Resource Management. Special Projects will be supported by the HR function, Corporate Social Investment, ICT Management as well as office administration.

PROPERTY AND ASSET MANAGEMENT

The Property Asset Management Business Unit is established as an income stream for TEDA. The Asset Management business unit will manage and develop property assets on behalf of the City of Tshwane with the aim to derive maximum value from the City's assets.

MARKETING AND COMMUNICATION

The Marketing and Communications Business Unit is established as an income stream as well as a marketing arm for TEDA and the City of Tshwane. TEDA's key messaging will be channelled through this business unit.

Projects Portfolio Management

The Project Management Business Unit will facilitate and deliver on all allocated projects to TEDA by the City of Tshwane. The Project Management team will also implement projects for the private sector on behalf of TEDA.

Trade and Investment Promotion

The Trade and Investment Business Unit is established as an income stream for TEDA. The Trade and Investment Business Unit will enhance the export capacity and increases the export values of companies based in Tshwane and it will attract investment inflows into the City of Tshwane.

The overall mission of the trade and investment promotion business unit is to position the City of Tshwane as a preferred investment destination and business destination for export-oriented companies by building internal capacity to attract investors into the City of Tshwane and by assisting local exporters to enhance their competitiveness in foreign markets.

Table 68: Human resources head count TEDA

Units	2012/13			
	Nr. of posts	Nr. of filled posts	Nr. of vacancies	Vacancies %
Chief Executive Officer	17	3	14	82
Chief Financial Officer	18	1	17	94
Corporate Affairs	9	0	9	100
Strategic Partnerships	7	0	7	100
Asset Management	9	0	9	100
Projects Officer	9	0	9	100
Trade and Investment	5	0	5	100
Tourism and Marketing	9	0	9	100
Legal services	9	0	9	100
TOTAL	**92**	**4**	**88**	**96**

3.18.16.3 Financial Performance of TEDA

Table 69: Financial performance TEDA

Financial Performance Year 0: Local Economic Development Services R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget

Total Operational Revenue	0	0	25000	25119	
Expenditure:	0				
Employees	0	0	2950	3099	5%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	22050	5406	-308%
Total Operational Expenditure	0	0	25000	8505	-194%
Net Operational Expenditure	0	0	0	-16614	100%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.11.9*

Table 70: Capital expenditure TEDA

Capital Expenditure Year 0: Economic Development Services R' 000					
Capital Projects	**Year 0**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All		5600	0	5600	

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.9 LIBRARIES

The provision of libraries was identified as a priority in the City's 2011–2016 Integrated Development Plan. The Department of Sports and Recreation leads this function in the City. During Financial Year 2012/13 the Stanza Bopape Library was completed in Mamelodi.

The City of Tshwane Library Services and the Gauteng Provincial Library Services jointly launched the Born to Read programme at the Zithobeni Library in Region 7 on 22 February 2013.
The programme was aimed at reducing illiteracy and building a better educated community in Tshwane. Ten children of the Thembalethu crèche received certificates for the excellent reading skills they demonstrated

Figure 21: Cllr Makeke at the Born to Read Campaign

3.9.1 Capital Expenditure

The total amount of R45 800 000 was allocated for the provision of libraries and a heritage facility. The total expenditure for said capex projects amounted to 93% and the total value of the projects amounted to R156 600 000.

Table 71: CAPEX Department of Sports and Recreation

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
Sports and Recreation	Solomon Mahlangu Freedom Square - Cultural Centre	9.711439.1.015	12,000,000	2,000,000	2,000,000	1,962,738
Sports and Recreation	Capital Funded from Operating	9.712773.1.007	1,500,000	1,500,000	1,500,000	1,326,447
Sports and Recreation	Capital Funded from Operating	9.712773.1.013	2,300,000	5,132,996	5,132,996	3,761,079

3.10 Social programmes

Social programmes are delivered by a range of departments in the City through the following:

- Provision of an indigent support service (addressed earlier in this report)
- Provision of services and programmes to vulnerable groups
- Promotion of early childhood development
- Training and development of entrepreneurs and cooperatives
- Provision of food by partnering with the Food Bank
- Health and safety interventions and awareness programmes

Feedback on this area is provided in various places in this document.

A total of 492 beneficiaries received skills development training on hydroponic production, poultry, piggery, marketing, cooperatives, small stock cattle farming, vegetable production, primary animal care in communal areas and citrus production at Winterveld Citrus Farm.

The Tshwane Food Bank distributed food parcels to 28 NPOs that benefitted 11 744 beneficiaries during the 2012/13 Financial Year.

In March 2013 the City of Tshwane together with the Nan Hua Temple handed over a wheelchair to Mr Witbooi Mahlangu, who used to work as a car parking assistant outside the post office near the municipal offices in Bronkhorstspruit.

Mr Witbooi had lost the use of his legs in a hit-and-run car accident, and had been using a wheelbarrow as a means of transport for a number of years. The Nan Hua temple donated the wheelchair after the request of a nurse in the Health and Social Development department in region 7.

Figure 22: From left to right: Mr. Gift Marule (Health and social development region 7), Mr. Graeme Campbell Journalist for Streek Nuus, Mr. Abie Nyakunga of Nan Hua Temple. Mr. Witbooi Mahlangu in wheel chair.

The Department of Environmental Management Services supported 105 farmers with agricultural infrastructure during the 2012/13 Financial Year. The support rendered to farmers entailed the ploughing of land, fencing of community projects, provision of self-propelled machinery, drilling and equipping of boreholes, installation of pressure pumps and irrigation sprinklers for various projects and the provision of seedlings.

Altogether 60 fresh produce entrepreneurs from the greater Olievenhoutbosch area received informal traders training during March 2013. The following training was provided:

- Module 1: Post harvest technology and product knowledge
- Module 2: Food safety, personal hygiene and stall management
- Module 3: Entrepreneurial skills

- Module 4: Financial management and credit management

A total of 27 of the informal traders were from the youth group.

Figure 23: Informal traders trained

3 811 agricultural starter pack were distributed to the poor.

Table 72: Employees child care, aged care and social programmes

Employees: Child care; aged care; social programmes					
Job level	Year -1	Year 0			
	Number of employees No	Number of posts	Number of employees	Number of vacancies (fulltime equivalents)	Number of vacancies (as a % of total posts)
1	0	0	0	0	0%
2	8	10	8	2	20%
3	13	29	13	16	55%
4	71	91	71	20	22%
5	55	68	55	13	19%
6	5	9	5	4	44%
Total	152	207	152	55	27%
					T 3.14.4

Table 73: Financial performance

Financial performance, year 0: Child care; aged care; social programmes R'000					
Details	Year -1	Year 0			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue					
Expenditure:					
Employees					
Repairs and maintenance	387 601	640 709	1 190 709	722 589	11%
Other					
Total operational expenditure	387 601	640 709	1 190 709	722 589	11%
Net operational expenditure	387 601	640 709	1 190 709	722 589	11%
T 3.14.5					

Figure 24: Launch of the summer campaign

3.10.1 INDIGENT BURIALS AND THE PROVISION OF CEMETERIES

The department of Environmental management manages requests for indigent burials. The City rendered the following services during FY 2012/13-

- 213 Indigent Burials;
- 10 Indigent Cremations;
- 327 Pauper Burials; and
- 12 Pauper Cremations.

2 Cemeteries were upgraded in the former Metsweding area during the 2012/13 Financial Year as follows-

Bronkhorstspruit Cemetery

- Guardhouse, Tar resurfacing, and signage have been completed.
- Landscaping of the cemetery is in process.

Kungwini Regional Cemetery

- Construction of concrete palisade fence and surveying and construction of grave blocks completed.
- Signage, paving and landscaping are in process.

3.11 Environmental Management

The Environmental Management Service Department is centred on the Constitutional (S152) objective of local government that seeks to promote a safe and healthy environment. In addition to this Constitutional imperative, the Department also operates within a regulatory framework emanating from national and provincial legislative landscapes as well as municipal specific By-laws, including but not limited to:

- The South African Constitution, Act 108 of 1996;
- National Environmental Management, Act 107 of 1998;
- Protected Areas Act, 57 of 2003
- Biodiversity Act, 10 of 2004
- Air Quality Act, 39 of 2004
- Waste Act, 59 of 2008
- Animal Diseases, Act 35 of 1984;
- Conservation of Agricultural Resources, Act 43 of 1983;

The Department and its divisions renders as its core strategic focus, regulatory and scientific(technical) services and basic delivery services to some extent in the form of provision of recreational facilities, burial services and related functions. Of note are the following programmes:

3.11.1 Environmental Policy and Resource Management

The major highlight for this programme during the year under review was the promulgation of the Green Buildings By-law. These By-Laws were finalised promulgated as the city's policy direction which is aimed at improving the performance of the built environment in order to respond to the universal environmental challenge of Global warming. In order to realize this goal, the CoT is committed to a Green Buildings programme that seeks to ensure, *inter alia*:

- Reduction of natural resource use and consumption in Municipal Buildings;
- Ensure and promote Energy efficiency through the city's built environment;
- Compliance to the approved Green Buildings Development By-law and implementation plan.
- Contribution towards Green economic imperatives.
- Climate change mitigation and adaptation.

In order to give effect to the above, the Department continued to retrofit aspects of some of its buildings with solar water heaters. 27 municipal buildings were retrofitted with solar water heaters during the year under consideration, which is a continuous programme and commitment by the city.

3.11.2 NATURE CONSERVATION AND BIODIVERSITY MANAGEMENT

The key focus of this programme is to facilitate and promote fair access and equitable sharing to socio economic benefits deriving from biological resources in various forms of their protection status. During the year under evaluation, the Department continued its commitment to manage the city's natural and biological resources portfolio comprising of 15 nature reserves, 11 bird sanctuaries, 12 nature areas, 118 river systems, 05 mountain ranges, 19 cultural heritage sites as well as visitor management and tourist services.

This programme also contributed to job creation through the ecosystem services component in the form of Working for Water programme. This intervention has contributed in excess of 280 jobs opportunities.

The Alien plant control intervention was also implemented and resulted in land area in excess of 150 000 sq. under alien vegetation control.

Figure 25: Giraffe at the Groenkloof nature reserve

3.11.3 Environmental Planning and Open Space Management

This programme focusses primarily on ensuring that the city protects and improves the quality and safety of the environment to give effect to the Constitutional rights of all inhabitants of the city. In this regard, the Department is committed to continuously supporting the city's infrastructure development through ensuring compliance with the requirements of environmental legislation and regulations. The Department therefore provides advisory services with regard to regulatory compliance aspects such as Environmental Impact Assessments (EIAs). In addition, the Department provides environmental and open space related input which is valuable in informing decision making through the governance structures of the city. The input rendered by the Department in this regard focusses on attributes of sustainable development and economic growth through applications for rezoning, township development, consent use and many others.

3.11.4Key Performance Areas

Table 74 Environmental management KPAs

Performance indicator	Annual target	Progress	Challenges/ Explanation of variances
Number of community based climate change awareness initiatives and/or actions	04	Annual target exceeded. 19 initiatives/activities were carried out. Target	
Number of Bontle ke Botho (BkB) workshops and projects facilitated.	21	The annual target exceeded. 26 workshops and projects conducted.	
Number of visitors to nature reserves and recreational facilities.	427 880	406 110	Visitor numbers were slightly down due to the prolonged rainy season.
Number of actions/strategies towards implementation of sustainable energy & climate change strategy.	05	Annual target exceeded. 10 strategies were activated.	
Number of activities to facilitate environmental compliance & best practice.	90	Target was exceeded. 150 interventions were carried out.	
Number of Climate change education & awareness initiatives/actions	08	Target was exceeded. 15 initiatives were undertaken.	
Number of officials who received Environmental training	100	Target exceeded. A total of 110 officials were provided with environmental training during the year.	

COMPONENT E: HEALTH

The health sector in South Africa is characterised by a triple burden of disease: communicable diseases associated with poverty (TB, sexually transmitted diseases, HIV and AIDS) and non-communicable diseases associated with lifestyles, trauma and violence. The City is focussing on the Millennium Development Goals and other national health priorities to address health status issues.

Child health performance indicators show good immunisation coverage for children younger than one year in Tshwane. The integrated management of childhood illnesses is rolled out to all Tshwane clinics and the prevention of mother to child transmission of HIV/AIDS is fully implemented. Tshwane has a low malnutrition rate for children younger than five years. Maternal health is addressed by way of full coverage of antenatal care services and contraceptive services.

Interventions from the National Strategic Plan on HIV/AIDS, sexually transmitted infections and tuberculosis are implemented and targeted at reducing new infections and deaths. The National Strategic Plan on HIV, TB and STI (2012–2016) sets out strategic objectives and activities with indicators and targets. The interventions are implemented and targeted at reducing new infections and vulnerability of HIV and TB as well as increasing life expectancy with the reduction of deaths and disability. The tuberculosis cure rate remains problematic to reach the national target of 85% mainly due to a high defaulter rate. The full roll-out of antiretroviral treatment at all facilities is hampered by a lack of resources.

Even though the City of Tshwane has the HIV/AIDS prevalence rate of 26%, the lowest in Gauteng, lifestyle diseases require strengthened health promotion and social awareness interventions to further reduce the burden of disease.

Key strategic objectives in terms of health are as follows:

- The provision of a comprehensive primary health care package through clinics, programmes and pharmacies to the residents of Tshwane.
- The promotion of a safe and healthy environment in Tshwane by delivering municipal health services according to the National Health Act, 2003 (Act 61 of 2003), the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972), and other related legislation.
- To coordinate and facilitate a multi-sectoral response to HIV and AIDS in Tshwane.
- To ensure continuous improvement in the quality of health services through research and development.

3.12 Clinics

Table 75: Service data for clinics

Service data for clinics					
	Details	Year -2	Year -1		Year 0
		Actual number	Estimate number	Actual number	Estimate number
1	Number of patient visits on an average day	1 439 950	1 033 861	1 530 509	1 033 861
2	Total medical staff available on an average day				
3	Average patient waiting time	minutes	minutes	minutes	minutes
4	Number of HIV/AIDS tests undertaken in the year	37 058	37 000	52 802	50 800
5	Number of tests in 4 above that proved positive	8 045	8 000	10 837	10 000
6	Number of children younger than 1 year that are immunised	12 930	13 000	14 483	14 000
7	Child immunisations above compared with the population of children younger than 1 year	97%	90%	88,3%	90%
					T 3.17.2

Table 76: Employees at clinics

Employees: Clinics					
Job level	Year -1	Year 0			
	Number of employees	Number of Posts	Number of employees	Number of vacancies (fulltime equivalents)	Number of vacancies (as a % of total posts)
1	0	0	0	0	0%
2	4	5	4	1	20%
3	158	197	158	39	20%
4	1	5	1	4	80%
5	99	148	99	49	33%
6	52	34	52	2	6%
Total	314	389	314	95	24%

The following capital projects were approved by Council.

Table 77: Approved capital projects – clinics

Project name
Building of New Doornpoort Clinic
Upgrading of workflow system for Health Electronic Patient Record System hardware
Extension of Olievenhoutbosch Clinic
Extension of Danville Clinic
Upgrading of clinic dispensaries
Installation of generators in all local government clinics
Extension of Rethabile Clinic

The building of New Doornpoort Clinic was in progress. The clinic, with 18 consulting rooms, will provide sufficient space to implement the full primary health care package. The Pretorius Park and Nellmapius clinics were upgraded and extended.

Table 78: Building of New Doornpoort Clinic in progress

Figure 26: Opening of the Pretorius Park clinic

The project of the Olievenhoutbosch Clinic is progressing well. Patients are currently relocated to Kings Hope Centre for continuity of service delivery. A pharmacy and additional consulting rooms and waiting areas will be added to the existing clinic.

The extension of the Danville Clinic has been completed and is to be operationalised.

Figure 27: Olievenhoutbosch Clinic

Figure 28: Danville Clinic

3.12.1 Accessible services and suitable health facilities in the Tshwane district

The District Health Council was established and launched in line with the National Health Act, 2003 (Act 61 of 2003). Primary health care (PHC) services in the municipal area are planned and coordinated jointly by the Tshwane Health Department and the Gauteng Department of Health and Social Development through an interim district health advisory committee and joint sub-district teams. A functional integrated approach has been adopted, and provincial staff is seconded to municipal clinics.

PHC services are aimed at promoting health, preventing illness, curing diseases and, where the need arises, referring a patient to a hospital. The services are provided at clinics, community health centres and district hospitals in the Tshwane area. A total of 96% of all households in the Tshwane District reside within a 5

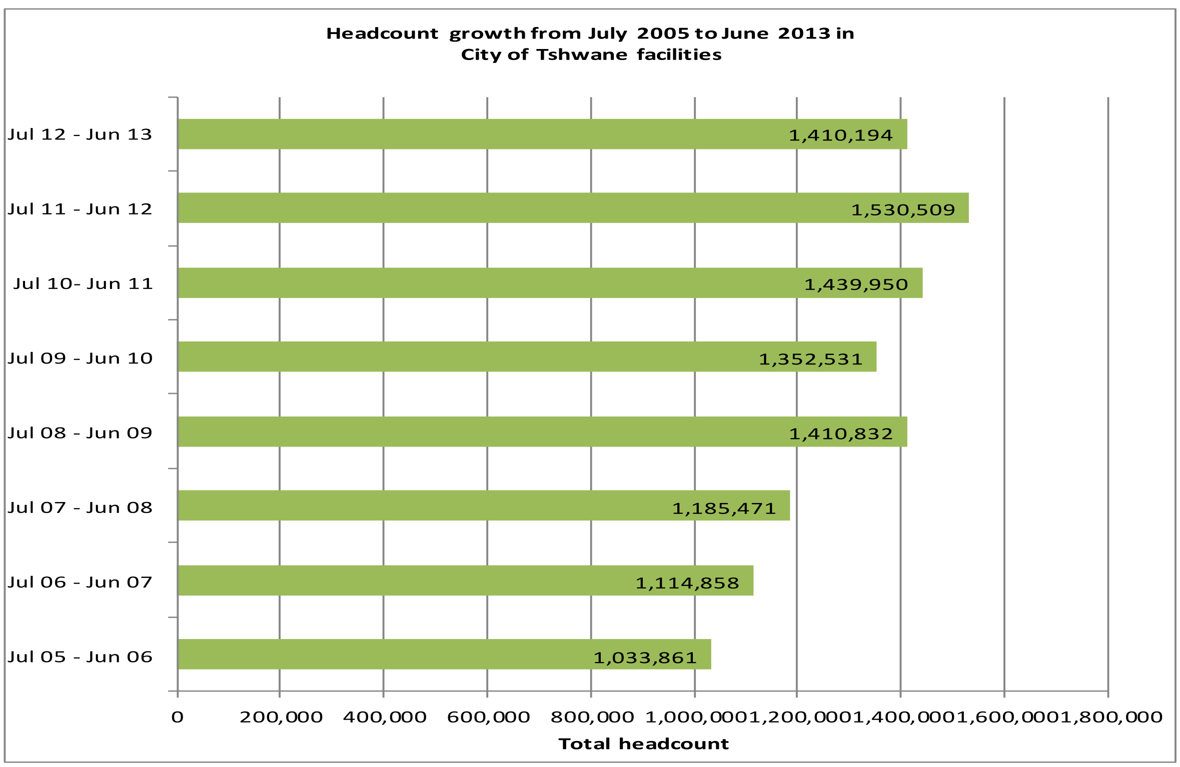
km radius of a public health facility. The national target of 90% within a 5 km radius has therefore been exceeded by City of Tshwane PHC clinics.

A total of 5 006 904 patients used public PHC services during the period under review. The information included special programmes and district hospital data. This represented a 2% decrease in the overall headcount compared with the previous year.

Altogether 1 499 429 patients visited the local authority clinics during the 2012/13 Financial Year. This represented a decrease of 2% in clinic attendance compared with the previous Financial Year's attendance of 1 530 509 patients. PHC clinic patients increased to 46% from 2006 to 2012, with an average increase of 6,6% a year. The local authority clinics saw 30% of all the patients that went to health facilities in the Tshwane District.

The utilisation rate for the year under review was 2,4%, which showed a decrease of 0,1% compared to the previous year. The 2,4% uptake rate among the uninsured population (utilisation) by PHC services in Tshwane was less than the World Health Organisation's recommended rate of 3,5 visits a year. The Tshwane District Health Plan utilisation rate target was 2,5 for the 2012/13 Financial Year, meaning that the district performance was below the District Health Plan target.

Figure 29: Increase in patients visits to local authority clinics



3.12.2 PRIMARY HEALTHCARE CLINICS OPERATIONS

Primary Healthcare (PHC) services are rendered to the residents of Tshwane through 23 fixed facilities, 1 satellite and 2 mobile clinics. The full PHC package is supplied in all the clinics. Altogether 16 of the 23 facilities have rolled out antiretroviral treatment.

The clinics are open five days a week from Monday to Friday between 07:30 and 16:00. There are 13 clinics that operate on Saturdays from 08:00 to 13:00. Key challenges that impact the ability to provide extended services at all facilities are as follows:

- PHC clinic staff shortage
- Delayed process of filling critical funded vacancies
- Increasing waiting time from 126 minutes in 2011/12 to 138 minutes in 2012/13, possibly influenced by staff shortage

Table 79: Tshwane district primary health care facilities per region

Tshwane regions	Health post	Mobiles	Satellites	Clinics	Community health centres
Region 1	0	4	1	18	3
Region 2	1	1	1	9	1
Region 3	2	1	0	13	1
Region 4	1	0	1	5	0
Region 5	1	0	0	7	0
Region 6	3	1	0	8	1
Region 7	1	1	0	6	1
Total	**9**	**8**	**3**	**66**	**7**

3.12.3 Tshwane District Annual Tshwanelo Awards

The Tshwanelo Awards is an annual shared event between the Provincial District Health Office and the City of Tshwane to honour health facilities who are thriving in improving quality. This event follows evaluations that are done at all the primary healthcare clinics; Community health centres_and district hospitals in Tshwane.

The evaluations done at the facilities are based on the National Core Standards for Health Establishments. Doing these evaluations help to assist health facilities to improve the quality of care and also prepare the facilities for provincial and national inspections with the aim of the future accreditation for the National Health Insurance. Since the City of Tshwane clinics are involved in these evaluations, improvement has been recorded at the facilities.

Figure 30: Provincial winners of the Tshwanelo Awards

Overall Tshwanelo Awards results

Tshwanelo Awards winner: Small clinics (smaller than 3500): Lotus Gardens Clinic
Tshwanelo Awards winner: Large clinic (larger than 3500, smaller than 6000): Saulsville Clinic
Tshwanelo Awards winner: Large clinic (larger than 6000): East Lynne Clinic
Tshwanelo Awards winner: Overall best local authority facility: East Lynne Clinic

Patient satisfaction category: City of Tshwane facilities

Second runner-up: East Lynne Clinic
First runner-up: Rooihuiskraal and Laudium Clinic
Winner: Mamelodi West Clinic

3.12.4 IN-DEPTH PROGRAMME REVIEWS

In-depth programme reviews are done jointly between local authority and regional Gauteng provincial programme managers and clinic area managers. Quarterly supervisors meetings are held where strategies are discussed on how to implement corrective actions on in-depth reviews done. Programme managers report on the progress of the implementation of corrective actions at the following meeting.

The following programmes were implemented for the period under review:
July to September 2012: Integrated Management of Childhood Illnesses
October to December 2012: HIV/AIDS, STIs and TB (HAST)

January to March 2013: Expanded Programme on Immunisation
April to June 2013: Antenatal Care

3.12.5 MANAGEMENT INFORMATION SYSTEM FOR TSHWANE DISTRICT

Managers at all levels need appropriate and accurate information to be able to monitor and evaluate the performance of priority health programmes and set relevant health objectives. The achievement of these objectives needs to be monitored using predefined indicators such as national health data.

The Tshwane Health District uses the nationally approved District Health Information System (DHIS) and the Electronic Tuberculosis Register (ETR.Net), and the Municipal Health Services uses the Management Information System (MIS). All management information systems are updated regularly to comply with norms and standards.

The following was achieved with regard to the Tshwane District Health Information System:

- Implementation of Electronic Patient Registration system in Tshwane fixed PHC clinics, excluding Gazankulu Clinic, due to structural challenges.
- Implementation of District Health Management Information System (DHMIS) Policy and Standard Operating Procedure (SOP) to all PHC clinics and municipal health services to strengthen quality routine data collection at all levels.
- Orientation and implementation of national data sets and provincial data sets to all PHC clinics in the Tshwane District to comply with DHMIS 2011 and national SOP.
- Connection of the Lotus Gardens Clinic to Tshwane Local Area Network and use of a wireless 3G system for email connection for the Gazankulu Clinic.
- Continuous health routine data backup systems for DHIS, ETR.Net, TIER 3, Datacare and Rx Solution were in place and functional.
- Continuous patients' data clean-up process and centralisation of the Rx Solution database system to the corporate server were in place.
- Connection of all clinic telephones to the local area network and use of the 358 prefix internal line which saved costs of telephone usage.
- 100% of the MDS data from PHC facilities, MHS, private providers of immunisation and family-planning services were captured on the DHIS and exported to provincial DHIS level.
- Regular feedback was given quarterly and the information was used to improve the quality and coverage of services.

3.12.6 PROVISION OF ESSENTIAL DRUGS

The Tshwane region has seen steady growth in the service that it provides to the PHC clinics and community health centres. There have been numerous challenges that demand cooperation and skills of pharmacists. The extension of PHC services increases the demand for medicines and other supplies. The Regional Pharmacy (Provincial) continued to distribute medicines to all the clinics and community health centres in Tshwane.

3.12.7 MEDICINE EXPENDITURE

Expenditure on medicines has seen a steep increase which is attributable to the changes in HIV strategy of the country. In the past, medicines for hypertension topped the ABC analysis list. Antiretroviral medication (ARV) has now overtaken the antihypertensive; vaccines as a group take second place behind ARVs.

The total expenditure for the Tshwane region was R225 500 000 for the 2012/13 Financial Year. The municipal clinics contributed R63 997 000 to this expenditure.

The availability of essential drugs was maintained above the target of 90%. The percentage availability was at 94.6.1% for the region. Though the target was met, the monthly availability was on the decline due to the erratic availability of supplies from the main medicines supply depot at Auckland Park in Johannesburg.

The City presented a joint launch of Pharmacy Week at the Attlyn Shopping Centre in Atteridgeville. The launch was aimed at promoting the pharmacy profession to the community and recruiting learners to study pharmacy. All sectors of the pharmacy profession participated.

3.13 PROVISION OF COMPREHENSIVE PRIMARY HEALTH CARE SERVICES

3.13.1 SEXUALLY TRANSMITTED INFECTIONS

The incidence of sexually transmitted infection (STI) cases is still a matter of concern to health personnel, and increasing efforts to educate the public is of high priority to reduce STI cases and complications. People with STIs are more likely to be infected with HIV than those without. It is therefore extremely important to identify and treat anyone with an STI.

The incidence of male urethral discharge had decreased since the last review period. A total of 9 859 new cases was reported for the year under review. The average STIs decreased from 14 per 1 000 to 13 per 1 000 of the sexually active male population (15 years and older) treated at public health facilities in Tshwane. The decrease could be attributed to health education, city-wide health awareness campaigns

and the promotion of using condoms for safer sex. The incidence of male urethral discharge was used as a proxy (equivalent) indicator to measure the disease, because it is a true STI. It is easily diagnosed and patients usually respond well to the treatment.

The rate of STI incidences for the year under review decreased from 31 per 1 000 to 28 per 1 000. Compared to 44 331 cases seen the previous year, only 42 011 new cases were reported at the public health facilities in Tshwane. These infections were "mixed" infections comprising discharges, ulcers and herpes. Incidence of STIs and male urethral discharge were at 28 and 13 per 1 000 respectively.

The challenge was the growing resistance to the drugs used in the treatment of STIs, as it led to prolonged treatment and complications. Adherence to treatment regimen and completion of the course reduced drug resistance and lessened complications.

The distribution of condoms was seen as an important strategy in the prevention of STIs. Over twelve million male condoms (12 306 562) and female condoms (282 663) were distributed by the public health sector during the year under review. The male condom distribution rate was 16 condoms per male aged 15 years and older in the Tshwane District, which indicated an increase when compared to the previous year's distribution of 12 condoms per male client in that age group.

Health education programmes also focused on the prevention of sexually transmitted diseases. Both male condom and female condom distribution continued to pose challenges in terms of tracking down supplies, especially at non-medical distributing depots. The challenges were being addressed as more non-government organisations accounted for condoms distributed. Initiatives through training were in place to improve record-keeping through the routine monthly MDS data collection tool. Other strategies used in the prevention and treatment of STIs included adopting a syndromic treatment approach and monitoring and tracing contacts.

3.13.2 SERVICES FOR CHILDREN AND THE YOUTH

The second output of the Negotiated Service Delivery Agreement (NSDA) is to decrease maternal and child mortality. The child mortality rate must decrease from the current 69 deaths per 1 000 live births to 45 deaths (or fewer) per 1 000 live births by 2014. The services for children and the youth addressed the fourth goal of the Millennium Development Goals, namely to reduce the under-five child mortality by two-thirds by 2015, as well as the eighth point of the Ten-point Plan, namely to strengthen programmes focusing on maternal, child and women's health.

3.13.3 INTEGRATED MANAGEMENT OF CHILDHOOD ILLNESSES

The Integrated Management of Childhood Illnesses (IMCI) clinical guidelines target children under the age of five, because this age group carries the highest burden of deaths from common childhood diseases. The strategy for the IMCI was adopted by South Africa in 1996 and is used at the PHC facilities in Tshwane. The guidelines follow an evidence-based syndromic approach to case management that supports rational, effective and affordable use of drugs and diagnostic tools.

The IMCI strategy includes both preventive and curative interventions that aim to improve practices in health facilities, the health system, and at home. At the core of the strategy is the integrated case management of the most common childhood problems, with the emphasis on the most common causes of death. Childhood vaccinations have successfully reduced deaths from measles. Oral rehydration therapy has contributed to a significant reduction in deaths resulting from diarrhoea. Effective antibiotics have saved the lives of children with pneumonia, and improvements in breastfeeding practices have reduced the number of childhood deaths. One of the indicators of the eighth point of the Ten-point Plan is to implement the household and community component of the IMCI. More than two professional nurses are trained in IMCI in all City of Tshwane clinics as strategy to strengthen reduction of child mortality rate.

3.13.4 MONITORING OF DIARRHOEA AND SEVERE MALNUTRITION INCIDENCE

The incidence of diarrhoea and severe malnutrition is monitored at all public health facilities. Severe malnutrition includes the following:

- Marasmus is diagnosed when a child is found to weigh less than 60% of the appropriate estimated weight for its age.
- Kwashiorkor is diagnosed when a child weighs between 60 and 80% of the expected weight and has oedema as well other features of Kwashiorkor.
- Marasmic Kwashiorkor is diagnosed to be less than 60% of the expected weight with oedema.

Out of the 92% of the children younger than five who were weighed at a PHC clinic during the year under review, 2 per 1 000 were found to be severely malnourished compared to 4 per 1 000 in the previous year. An average of 9 per 1 000 who visited the PHC clinics had diarrhoea with dehydration, indicating a decrease of 1 per 1 000.

Over the years, the health sector has made a significant contribution to the decline in malnutrition among children younger than five. The health sector interventions included the provision of Vitamin A supplements to children aged 6 to 11 months as well as children between 12 and 59 months. The national target for Vitamin A supplementation for children aged between 6 and 11 months is 80%. By the end of June 2013, 84% of children who were brought to Tshwane health facilities had received these supplements, which exceeded the national target of 80%. Furthermore, 96% of post-partum mothers were provided with vitamin A supplements.

Only 39,2% of infants aged 12 to 59 months received Vitamin A supplementation compared to the previous year's supplementation of 45,3% in City of Tshwane clinics. Altogether 31% of infants aged 12 to 59 months received vitamin A supplementation in Tshwane District clinics. Vitamin A supplementation to infants in this age group was less than the national target of 40%, and additional strategies were put into action to increase supplementation for this group in particular. The City of Tshwane offered information sessions to volunteers doing door to door visits to prepare them for information sharing with the community on the importance and benefits of Vitamin A. They also liaised with the Community Oriented Primary Care to strengthen the importance and administer where possible.

The maternal mortality ratio in Africa must be reduced from between 500 and 1 500 per 100 000 to 228 per 100 000 live births to meet the target of reducing the maternal mortality ratio by three quarters from 1990 to 2015. The second target of the fifth Millennium Development Goal calls for the achievement of universal access to reproductive health by 2015. The fourth Millennium Development Goal requires member states to reduce by two thirds, between 1990 and 2015, the under-five mortality rate. It should be noted that the fourth and fifth Millennium Development Goals are used as a standard to measure the human development level of any country, region or continent.

3.13.5 PREVENTION OF MOTHER-TO-CHILD-TRANSMISSION IN TSHWANE

Prevention of mother-to-child-transmission (PMTCT) in Tshwane aims to provide continued guidance towards a reduction in the vertical transmission of HIV, building on work done since the inception of the programme and the 2013 Policy and Guidelines document. In line with the international standards for a comprehensive strategy, the PMTCT Policy recognises that in order to prevent HIV among women and children, the four elements of PMTCT are integral.

These include the following:

- Primary prevention of HIV, especially among women of childbearing age
- Preventing unintended pregnancies among women living with HIV
- Preventing HIV transmission from a woman living with HIV to her infant
- Providing appropriate treatment, care and support to women living with HIV and their children and families

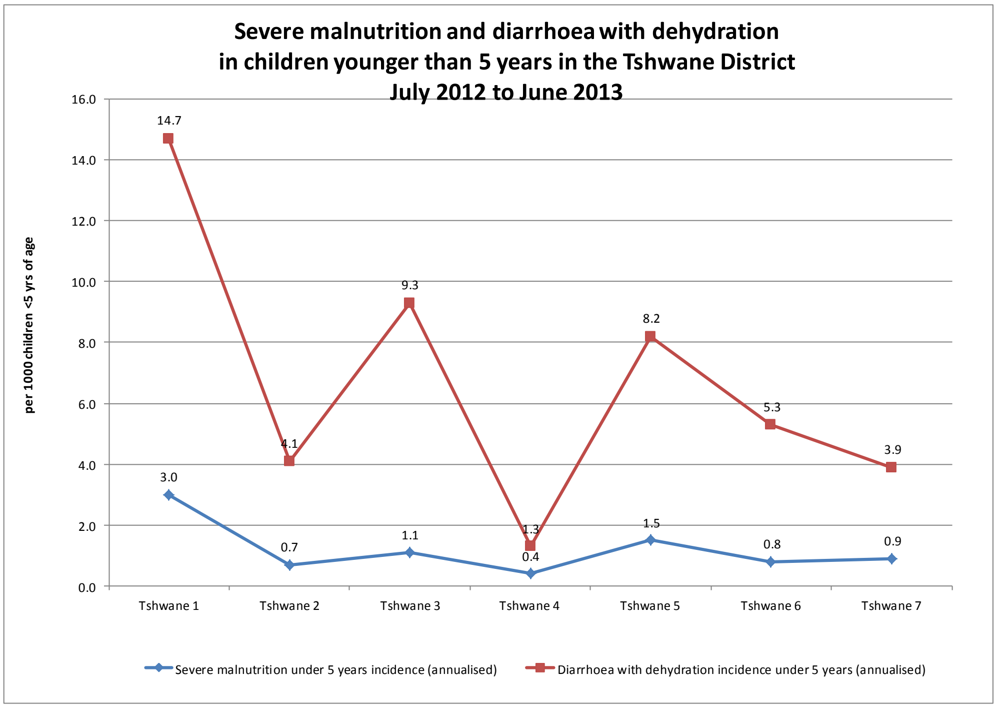
The National PMTCT Programme aims to ensure the following:

- Primary prevention of HIV, especially among women of child-bearing age
- Integration of PMTCT interventions with basic antenatal care, sexual and reproductive health, child and adolescent health, and TB services.

The maternal mortality ratio in Africa must be reduced from between 500 and 1 500 per 100 000 to 228 per 100 000 live births to meet the target of reducing the maternal mortality ratio by three quarters from 1990 to 2015. The second target of the fifth Millennium Development Goal calls for the achievement of universal access to reproductive health by 2015. The fourth Millennium Development Goal requires

member states to reduce by two thirds, between 1990 and 2015, the under-five mortality rate. It should be noted that the fourth and fifth Millennium Development Goals are used as a standard to measure the human development level of any country, region or continent.

Figure 31: Incidence of severe malnutrition and diarrhoea with dehydration in children younger than five



3.13.6 Expanded Programme on Immunisation

The Expanded Programme on Immunisation (EPI) is a global programme for the control of vaccine-preventable diseases. The national goal for South Africa was to reach 90% coverage for each vaccine in the primary childhood series. New vaccines were introduced to the programme, namely Rotarix, Prevenar and Pentaxim, to reduce child illness and mortality. Rotarix protects against the most common diarrhoeal disease. Prevenar protects against pneumococcal infection that causes ear infection and meningitis. Pentaxim is a combined vaccine consisting of injectable vaccines against polio, diphtheria, tetanus, pertussis and Haemophilus influenza Type B. The primary series refers to the BCG, oral polio 0,3 DTaP-IPV/HIB-HBV and measles vaccines.

The EPI in South Africa fully adopted and implemented the World Health Organisation recommended strategies for polio eradication and measles elimination. One of the strategies to reach this goal is conducting a mass immunisation campaign. By giving measles and polio vaccine to as many children as possible, in a short period and over a large geographic area, transmission of measles and wild polio virus

is interrupted. For campaigns to be effective, special efforts are necessary to reach children who are often missed by the routine immunisation services.

The Measles and Polio Campaign was conducted in two phases. The first round took place from 29 April 2013 to 17 May 2013. The vaccines given were oral polio drops and measles injections. The second round took place from 17 to 28 June 2013; only oral Polio drops were given and measles injections were given to those children that were missed during the first round. The age group for the campaign was 0 to 59 months for polio drops and 9 to 59 months for the measles injection. The coverage target set was at least 95% for measles and 90% for polio. Due to low coverage and school holidays the campaign was extended to 6 July 2013.The City of Tshwane managed to reach coverage of 83,53% for polio and 100,7% for measles.

The routine coverage for immunisation is 88% for the year under review for City of Tshwane clinics and 99,5% of all children younger than one year in Tshwane District clinics. Immunisation services are available at all the health care facilities in Tshwane. The EPI is highly promoted. The World Health Organisation recommended steps to reduce the child mortality rate, hence the introduction of new vaccines.

Figure 32: Sister Makopo and Sister Moatshe immunising the children during the Polio and Measles Campaign in Mamelodi

3.13.7 INTERVENTIONS TARGETING THE YOUTH

Teenage pregnancy is still a burning issue in our communities. Women are regarded as vulnerable, and their exposure to unprotected sexual activities results in pregnancy at a young age. Health promotion programmes, such as on family planning methods and the use of condoms, were put in place to prevent unwanted teenage pregnancies. Interventions targeting adolescents included the implementation of clinical guidelines for the health of young people and adolescents, and of measures to reduce the number of teenage pregnancies and cases of drug-taking. Fast-lane options for family planning services were introduced in most clinics. Unwanted teenage pregnancies increased the risk of illegal backyard abortions.

3.13.8 WOMEN'S HEALTH

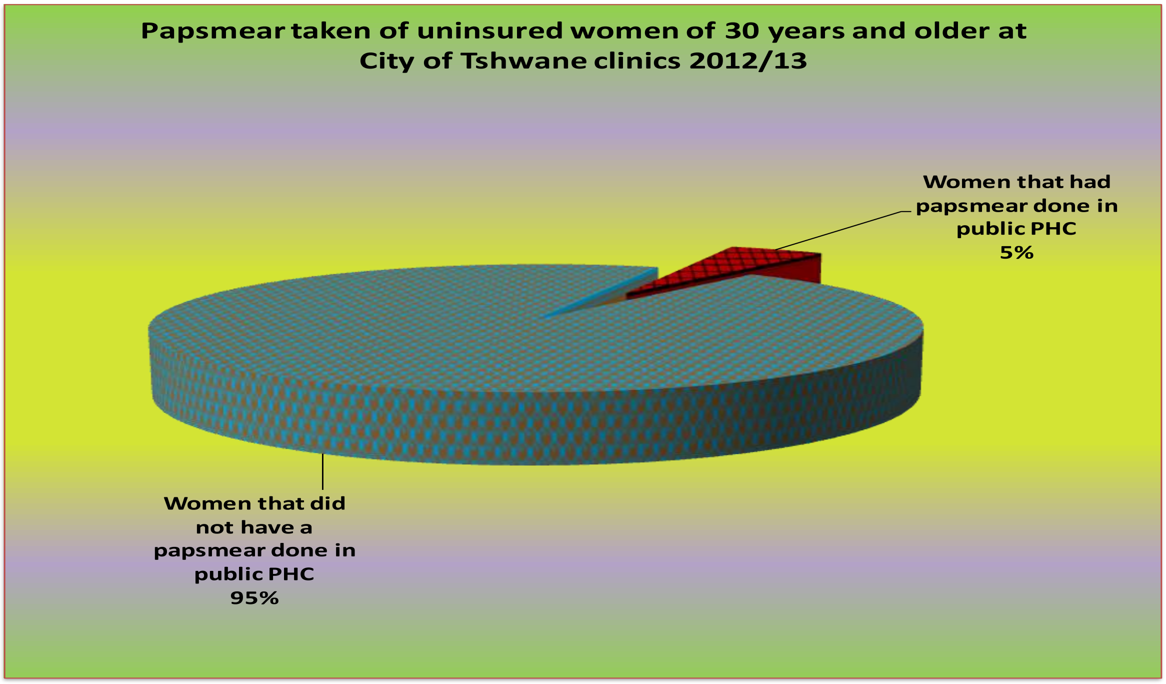
Women's health addresses the fifth goal of the Millennium Development Goals and the eighth point of the Ten-point Plan, namely to strengthen programmes focusing on maternal, child and women's health. The second output from the NSDA is that South Africa's maternal mortality ratio (MMR) must decrease from the estimated 140 to 160 per 100 000 to 20 to 100 (or fewer) per 100 000 live births. The Millennium Development Goal Country Report estimated the MMR to be 625 per 100 000.

3.13.9 CERVICAL CANCER

Cancer of the cervix is the most common gynaecological cancer in South Africa; screening can reduce the incidence of this cancer. In the Tshwane District, 23 135 cervical smears were taken from July 2012 to June 2013. Cervical screening coverage remained a challenge, because only 5% of the target population underwent cervical screening. This figure shows a decline when compared to the previous year's figure of 6% in the Tshwane District. The national target is 7% per annum of the targeted population of women at risk of cervical cancer.

The ultimate goal was to nationally screen at least 70% of women within the target age group by 2014. The cumulative percentage performance by Tshwane clinics regarding cervical smears from 2004 was 85% based on 2006 population estimates. If 7% or more per year are screened, the target of 70% will be reached by 2014.

Figure 33: Cervical smears of uninsured and older women – PHC facilities in Tshwane



The results of the cervical screening done by City of Tshwane clinics indicate an abnormality rate increase of 9% compared to the previous year's figure of 13%.

3.13.10 ANTENATAL CARE

Antenatal care addresses the fifth Millennium Development Goal, which is to improve maternal health.

To reduce the maternal mortality rate by three quarters between 1990 and 2015, maternal and neonatal deaths can be reduced by the provision of clinical guidelines, protocols and manuals for the clinical management of the major causes of maternal mortality. It was estimated that 70% of neonatal deaths could be prevented if good quality maternal health care was provided. Recommendations were made which, if implemented, would result in a reduction of maternal deaths.

The national target was that all pregnant women should pay at least four visits to a health care facility during each pregnancy. Antenatal care included measuring the percentage of pregnant women in a community who made use of this service at least once during pregnancy. The denominator data proved to be unreliable and could not be used to calculate the coverage for the period under review. The calculation required that population-based figures be used as a denominator. Different factors affected the calculation of the coverage, such as the proportion of the insured population using private antenatal care services, the influx of women from other areas with no or poor antenatal care facilities, and incorrect population figures.

3.13.11 FAMILY PLANNING

Family planning also addresses the fifth Millennium Development Goal, which is to achieve universal access to reproductive health by 2015. According to this goal, all facilities must offer reproductive health services to –

- remove barriers that restrict access to contraceptive services;
- increase public knowledge of client rights, contraceptive methods and services through health promotion;
- provide high quality contraceptive services; and
- continue programmes and implement new initiatives to improve accessibility of contraceptive services for underserved groups and communities.

Fertile female members of the community (females between ages 15 and 44) should be protected from unwanted pregnancies. About 671 630 uninsured fertile females in the population of Tshwane visited the clinics for family-planning methods during the year under review, indicating an increase compared to the previous year's number of 501 688. That figure excluded coverage through sterilisation, intra-uterine contraceptive device inserted and condom use.

A large variety of contraceptive methods not provided by the National Family Planning Programme was also available from pharmacies and doctors. Private pharmacies and medical practitioners had contracts with the Tshwane Health District to provide contraceptive methods from the family planning programme.

Different methods were used at clinics to ensure that women had a variety of options. The injectable method (54%) was the most popular and preferred method used compared to the oral pill (46%) and the intra-uterine contraceptive device (0,09%). A supportive and non-prescriptive approach by health personnel was encouraged to ensure the cooperation and commitment of clients to the chosen method of contraception. Condoms were distributed free of charge to those who did not want to use any of the other methods.

3.13.12 CURATIVE, CHRONIC AND PREVENTIVE SERVICES

Curative and chronic health services were available at 91% of health facilities in the Tshwane area. The 23 fixed health facilities of the local authority provided a 100% curative service. Since the introduction of curative and chronic services in these clinics, their use increased markedly. In City of Tshwane clinics, the rendering of preventative care services was the highest at 34%, followed by curative care services at 25% and chronic care services at 22%.

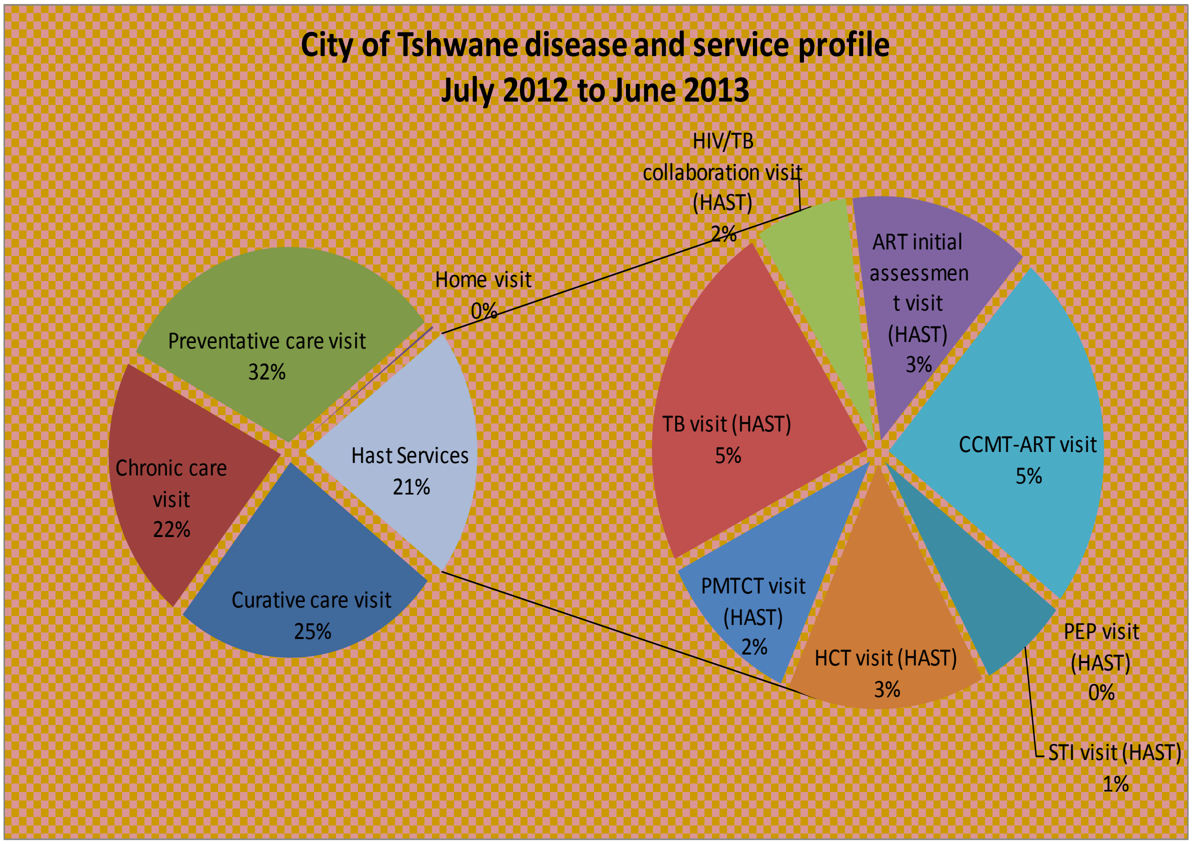
General curative and chronic services were provided as part of the comprehensive health service package available at all PHC facilities. These services were introduced incrementally through formal service level agreements with the provincial health departments. Chronic care services were offered at 91% of the PHC facilities in the Tshwane District. Initiatives were in place to expand chronic services to other facilities. Because of infrastructure challenges, chronic services were not provided at the Gazankulu Clinic.

Non-communicable diseases (NCDs), which include cancer, cardiovascular disease, chronic respiratory diseases and diabetes, will officially join HIV on the United Nations' agenda as the biggest health threats to the world. It has been agreed that NCDs have been silent killers for too long. They are the leading causes of death worldwide each year, causing more than 36 million deaths and accounting for 63% of all global deaths.

United Nations Secretary-General Ban Ki-Moon said that they represented a "public health emergency in slow motion", which explains why the response by policymakers and governments has been slow. Nevertheless, progress to combat NCDs has been vastly inadequate and has resulted in the global catastrophe facing the world today. The World Economic Forum's 2010 Global Risks Report identifies NCDs as one of the most severe threats to the global economy in terms of likelihood and potential economic loss.

According to the Global Risk Report, NCDs are a global risk equal in cost to the current global financial crisis. Because of the size of the epidemic, the diverse causes, and the universal impact, NCDs are everyone's problem. Like HIV, the epidemic is too big for governments to solve alone. Tackling the global NCD crisis head-on requires a concerted and coordinated multi-sectoral response, committed to by world decision makers and business leaders, and stimulated and monitored by a strong civil society movement. NCDs also stand as a major barrier to achieving the Millennium Development Goals.

Figure 34: Disease and service profile



The figure above shows the disease and service profile for City of Tshwane primary health care clinics for July 2012 to June 2013. More of these clinics are rolling out chronic disease services to outstanding clinics in line with the objective to provide comprehensive PHC services to the community. More preventive cases (32%) were attended to, followed by chronic cases (22%), during the period under review.

3.13.13 TUBERCULOSIS SERVICES

TB is the most common opportunistic infection and the biggest killer of people living with HIV and AIDS, as those who were infected earlier in life have an increased risk of developing active TB. If newly infected with TB, a person with HIV is more likely to progress to active TB. HIV-positive individuals have a 10% chance per year to progress from TB infection to active TB disease as compared to a 10% chance in the lifetime of HIV-negative individuals. Collaboration between the HIV and TB programmes is crucial to improve the quality of life of these individuals through preventative therapy and antiretroviral therapy.

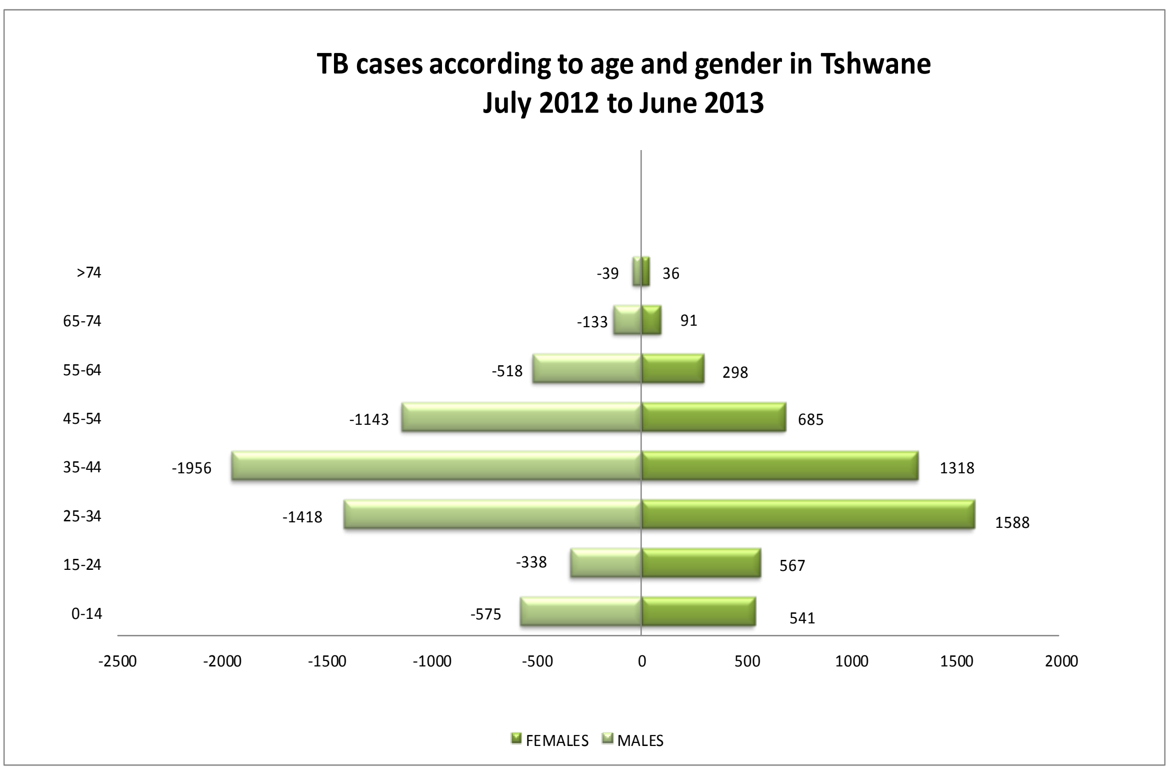
Collaboration on the HIV and TB programmes ensured that –

- newly diagnosed TB patients undergoes HIV counselling and testing (HCT);
- laboratory and clinical staging were done on all HIV-positive TB patients;
- co-trimoxazole was supplied to all HIV-positive adult patients co-infected with TB;
- all HIV-positive patients were screened for active TB;
- patients were referred for antiretroviral treatment in accordance with the national guidelines; and
- TB-preventive therapy was given to eligible HIV-positive adult patients.

Services to combat TB were provided in Tshwane according to the National Tuberculosis Control Programme. There were four sub-district TB coordinators in the Gauteng area that controlled and reported on the services, and a District TB Coordinator was appointed. For the City of Tshwane, the Deputy Director: PHC Health Programmes was appointed and was assisted by a Functional Head: TB Programme and X-Ray Services, to control and report on TB services in facilities. The notification of cases, drug procurement and TB reporting is done quarterly by programme coordinators.

Comprehensive TB services were available at 95,65% of clinics in Tshwane. All clinics offered directly observed therapy short course (DOTS) and helped to diagnose TB and trace contacts. Four teams of TB tracers were placed in the regions to trace defaulters and newly diagnosed multidrug resistant (MDR) patients. The teams were discontinued by the end of April 2013 and the Provincial TB Programme Directorate is in the process of appointing enrolled nurses who will assist facilities with tracing and community based MDR care.

Figure 35: Age breakdown of TB patients



Sputum bacteriology should be used for adult pulmonary tuberculosis (PTB), because sputum testing is the only reliable way in which health care workers can monitor susceptibility to TB drugs and guarantee a TB cure at the end of treatment. Bacteriological coverage in the Tshwane District is 82,7% as compared to 82% in the previous year. The national target is 100%. Bacteriological coverage is higher in Region 3 (98,3%), whereas Region 1 performed the worst at 73,9%.

The outcome reports on PTB patients indicated the success of the patients' treatment. The Tshwane Health District's cure rate improved from 71,9% to 79,25% for the Financial Year under review. There is a gradual improvement; the last quarter cure rate for the district is at 81%. There are challenges with the ETR.Net system that are been handled with the system developers to ensure that data no data is lost that need recapturing. The table below indicates actual performance per quarter. The treatment outcome is evaluated a year after a patient started treatment. The percentage of patients who died during treatment is high and this affects our cure rate negatively.

Figure 36: Treatment Outcomes Tshwane

Indicator	Q3 2010	Q4 2010	Q1 2011	Q2 2011
% Cured	76,1%	79%	80,9%	81%
% Defaulted	10,2%	9,2%	6,7%	5,9%
% Not evaluated	0%	0%	0%	0%
% Died	6,2%	6%	6,6%	5,6%
% Transferred	3,2%	3,4%	3,2%	2,8%

3.13.14 NOTIFIABLE MEDICAL CONDITIONS

The prevention and control of communicable diseases remain a priority for the City of Tshwane. These diseases commonly spread rapidly within a country and across country borders. The role of Health Care Services is mainly to prevent the spread of disease. This is done by regular sampling of water and food, as well as by creating community awareness. All confirmed medical cases that are notified are investigated and contacts are traced in collaboration with the Communicable Disease Coordinator of the City of Tshwane. In the year under review, all the water samples taken from streams, dams and rivers for cholera testing tested negative for Vibrio cholerae.

The table below lists notifiable medical conditions reported since 2010.

Table 80: Notifiable medical conditions

Notifiable medical condition	2010/11	2011/12	2012/13
AFP – Acute flaccid paralysis	17	6	13
A23.9 – Brucellosis	0	0	0
A00 – Cholera	0	0	0
A50.0 – Congenital syphilis	0	0	1
A98.0 – Crimean-Congo haemorrhagic fever	0	0	0
(A02/A05) – Food poisoning	14	15	3
(HIB) – Haemophillus influenzae type B	5	2	3
A48 – Legionellosis	1	0	0
B54 – Malaria	264	124	206
B05 – Measles	109	1	0
A39 – Meningococcal infection	38	8	8
A98 – Other viral haemorrhagic fevers	0	0	0
A80 – Poliomyelitis	0	0	0
A82 – Rabies	0	0	0
I00 – Rheumatic fever	0	0	1
A35 – Tetanus	1	0	0
A33 – Tetanus Neonatorum	1	0	0
A71 – Trachoma	0	0	0
*A16.7 – Tuberculosis (primary)	860	361	721
*A16.2 – Tuberculosis (pulmonary)	3 068	2 903	4693
A16.9 – Tuberculosis (other respiratory organs)	565	172	489
A17.0 – Tuberculosis (meningitis)	0	0	0
A18.3 – Tuberculosis of intestines and peritoneum	0	0	0
A18.0 – Tuberculosis of bones and joints	17	9	34
A18.1 – Tuberculosis of genitor-urinary system	13	2	14
A18.8 – Tuberculosis of other organs	130	50	114
A18.9/A19 – Tuberculosis (miliary)	431	166	476
A16.3/A15.4 – Tuberculosis (lymph or intrathoric lymph nodes)	201	51	192
A01 – Typhoid fever	2	1	5
B15.9 – Viral hepatitis A	45	50	64
B16.9 – Viral hepatitis B	26	13	58
B17. 8 – Viral hepatitis C	0	0	1
A37 – Whooping cough/O33 – Pertussis	17	16	14
A30.9 – Leprosy	0	2	0
T57.9/T60.0/T60.9 – Pesticidal poising	32	30	33
B65.9 – Schistosomiasis-bilharziasis	0	0	0
A17 – Tuberculosis of nervous system	125	36	126

3.13.15 RESPONDING POSITIVELY TO HIV AND AIDS

Responding positively to HIV and AIDS addresses the sixth Millennium Development Goal, this is to combat HIV and AIDS, malaria and other diseases.

The four major HIV-related services available in the public health sector were the HIV Counselling and Testing Programme, the Prevention of Mother-to-Child-Transmission Programme, the Antiretroviral Treatment Referral Programme and the post-exposure prophylaxis follow-up service.

Free voluntary HIV testing and counselling were available to the public at any of the clinics in Tshwane. A total of 362 732 people over the age of five were tested for HIV, and 47 786 tested HIV positive. The HIV-positive rate for individuals over the age of five (excluding antenatal clients) decreased from 23,4% to 13% during the year under review.

A total of 362 732 individuals in that category were tested compared to the 158 681 tested in the previous year. The increase could be attributed to the national HIV Counselling and Testing Campaign. A total of 9 991 HIV polymerase chain reaction (PCR) tests were done on children at around six weeks of age, and 324 tested positive. The PCR positive rate for children was 3,2%, and target of the district operational plan was less than 10%. PMTCT awareness programmes contributed positively to PCR tests.

The Antiretroviral Therapy (ART) Assessment Programme, which is a comprehensive government care and treatment plan for people living with HIV and AIDS, was started in April 2004. City clinics rolled out the ART Programme to more than 55% of their 23 health facilities. Initiatives were in place to roll out ART to all health facilities within the district.

In the past, patients older than six years with a CD4 count of less than 200 cells per mm^3 were considered to be severely immune-compromised and qualified for ART. Now, all patients with a CD4 cell count of 350 cells or less per mm^3 qualify for ART. The qualifying criterion for children under 18 months was a CD4 count of less than 20% and for those over 18 months it was a count of less than 15%. Pregnant women with a CD4 of less than 350 cells per mm^3 are now eligible for ART.

All the City of Tshwane's fixed clinics provided 100% PMTCT service. The other facilities that did not provide the service referred their pregnant HIV-positive clients to the nearest PMTCT site for further management, and offered follow-up PMTCT treatment, as in the case of the Gazankulu Clinic in Region 3 due to facility structural challenges.

The PMTCT service, which included monotherapy and dual prophylaxis, was implemented in April 2008. The number of PMTCT sites was increased incrementally. All HIV-positive pregnant women with a CD4 count of 350 per mm^3 began lifelong ART earlier. Furthermore, for women who were not eligible for lifelong ART, prophylaxis ART treatment started earlier at 14 weeks pregnancy. For the first time, HIV-positive women could safely breastfeed their children, provided that the child was taking antiretroviral drugs during the breastfeeding period.

A total of 45 981 antenatal clients were tested for HIV during the year under review, and 17% (7 922) tested positive, which was 2% less than the 19% of the last Financial Year. HIV-positive women received counselling on the advantages of the PMTC Programme, and this reduced the chances of HIV transmission from mother to child.

South Africa should adopt the World Health Organisation guidelines on HIV and infant feeding and it is recommended that all HIV-infected mothers should breastfeed their infants and receive antiretroviral drugs to prevent HIV transmission.

The use of antiretroviral drugs to prevent HIV through breastfeeding and to improve the health and survival of HIV-infected mothers should be scaled up and sustained. Nutritional supplements and formula feeds will be available on prescription by appropriate healthcare professionals for mothers, infants and children who are diagnosed with approved medical conditions.

All rape victims were counselled and examined at a specialised crisis centre. There are four dedicated provincial crisis centres in Tshwane: the Laudium Community Health Centre, the Mamelodi Hospital, the Tshwane District Hospital and the Soshanguve Community Health Centre. Services at these centres included ART and counselling. If a patient consented to receiving prophylactic ART, treatment was initiated at the crisis centre and the patient was referred to the nearest local clinic for further treatment and follow-up.

3.14 ENVIRONMENTAL HEALTH

Municipal Health Services (MHS) as defined in the National Health Act, 2003 (Act 61 of 2003) includes water quality monitoring, food control, waste management, health surveillance of premises, surveillance and prevention of communicable diseases, vector control, environmental pollution control, disposal of the dead and vector control.

In order for people to maintain a healthy lifestyle, it is important that living conditions must be safe to sustain life. The City of Tshwane is entrusted with the responsibility to provide municipal health services in its area of jurisdiction. In order to achieve this mandate, one of the strategic objectives of the aims to fight poverty, build clean, healthy, safe and sustainable communities. The MHS Section renders fully-fledged services to the residents across seven regions in the city.

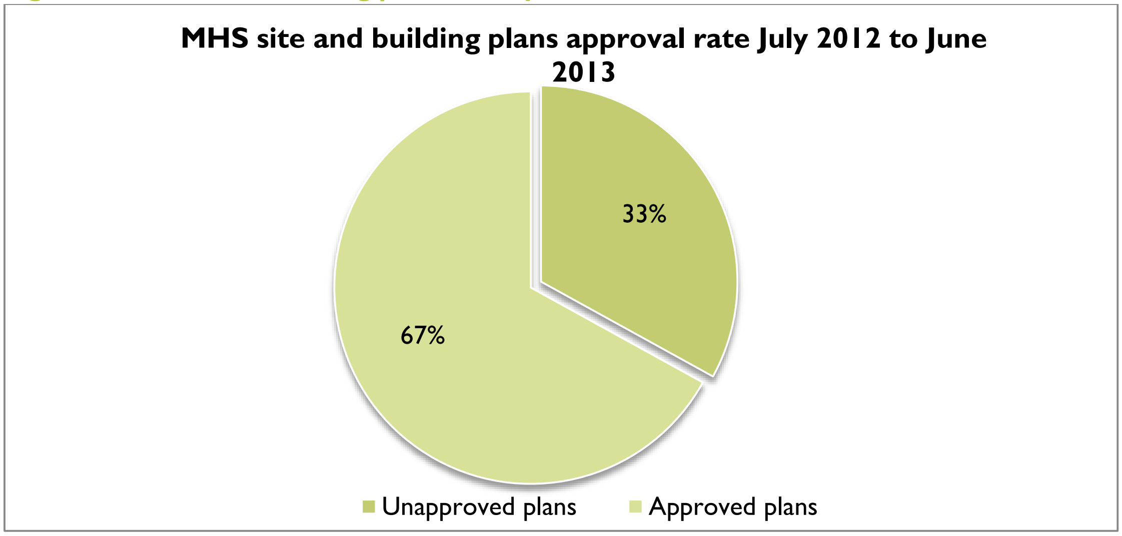
Table 81: Health inspections KPAs

Health Inspection Policy objectives taken from IDP									
Service objectives	Outline service targets	Year 2010		Year 2011			Year 2012	Year 2013	
		Target	Actual	Target		Actual	Target		
Service indicators		*Previous year		*Previous year	*Current year		*Current year	*Current year	*Following year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Waste management (health care)		80%	90%	90%		85%		90%	88%
Health surveillance of premises (child care)		40%	50%	50%		57%		57%	61%
Vector control		50%	55%	55%		59%		59%	64%
Disposal of the dead		40%	51%	51%		60%		60%	90%
									T 3.19.3

3.14.1 Development Management

As part of performing an oversight role in the development processes in the city, the MHS Section receives building and site development plans for approval. The plans submitted are for both private and public premises. The scrutiny of these plans is based on the National Building Regulations and Standards Act, 1977 (Act 103 of 1977) which outlines a few aspects of consideration such as ventilation, drainage and lighting requirements, among others.

Figure 37: 2012-2013 Building plan scrutiny

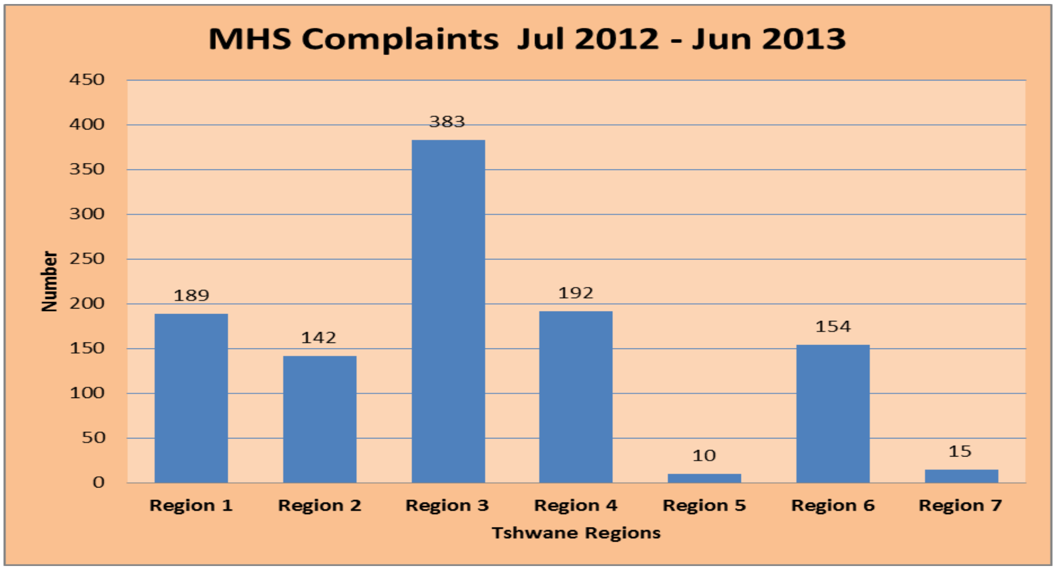


A total of 747 plans were submitted to the section during the period under review. Of all the plans submitted, 549 (67%) were approved and 198 (36%) were unapproved. Plans that were not approved were sent back to the owners for corrections in terms of different sections of legislation that were not complied with. Approval of building and site development plans by the section is important to ensure that structures that are erected in the city are compliant with the health requirements and suitable for habitation. This helps to deal with problems associated with unsafe buildings which create health hazards to the well-being of the people.

3.14.2 Complaints Management

The MHS Section has a responsibility according to the National Health Act, 2003 (Act 61 of 2003) to carry out environmental health investigations in the community regarding any health nuisances or existence of any condition that violates the rights of citizens as contained in section 24 of the Constitution of the Republic of South Africa, 1996 (Act 108 0f 1996). Health nuisances are registered as complaints at the MHS Information Desk and investigated by the Environmental Health Practitioner (EHP) of the area concerned. Below is an in-depth analysis of the complaints that were reported to the section during the period under review.

Figure 38: Complaints per region



During the period under review 1 085 complaints were reported to the section. A total of 905 were investigated and relevant action taken by the environmental health practitioners. Region 3 registered a highest number of complaints at 383. This is attributable to its complex business set-up, high population density and the multiplicity of business premises in the region. Region 5 reported a relatively lower number of complaints. The vast open areas and few business premises are some of the reasons why this region is less active. The highest number of complaints in the city, which is 541 (49%), came from pollution related activities. This is caused by littering, illegal dumping, noise and poor handling of waste. The MHS Section has embarked on a health education and awareness campaign to address this problem.

The number of complaints that were resolved is 882, which is equivalent to an 81% success rate. The outstanding number of 229, which is equivalent to 19%, is still under investigation. Some of the complaints are not easy to resolve in a shortest possible time due to their complex nature. Corrective action varies from verbal intimation regarding the problem, issuing of a health notice, a fine and even summons to appear in court when the person responsible for the nuisance fails to take the appropriate measures to address the cause of the problem.

3.14.3 SAMPLING MANAGEMENT

In order to determine the level of compliance of food and water to specific legislative requirements, samples must be submitted to the laboratory for analysis. The sampling programme is managed according to the Foodstuffs, Cosmetic and Disinfectants Act, 1972 (Act 54 of 1972). The table below indicates sample results for the period under review.

Table 39: Sample results for 2012/13

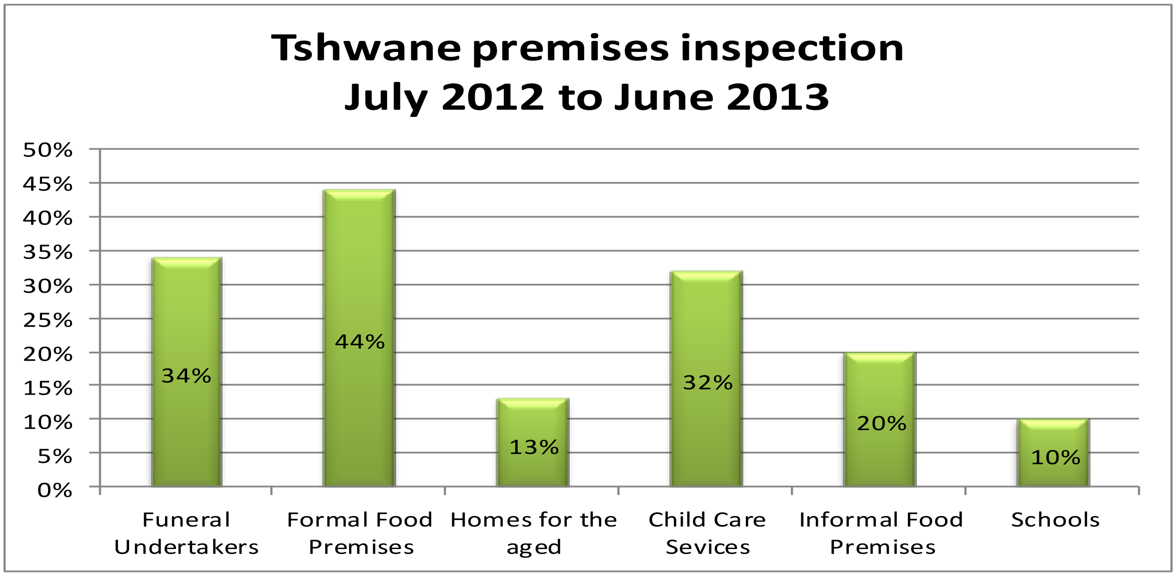
Type of sample	Total Samples taken	Total complying with the standard	% of samples complying to the standard
Microbiological analysis of Water (tap)	276	276	**100%**
Microbiological analysis of bottled water	291	291	**100%**
Microbiological analysis of food	676	433	**64%**
Chemical analysis of food	**166**	**152**	**91%**

Microbiological food analysis achieved a 64% compliance rate. Given the target for the section which is 60%, the percentage achieved is good. There is clearly a need to embark on an intense health and hygiene education with the food handlers and intensifying the programme for the inspections and monitoring of food premises. The chemical analysis of food is at the 91%, which is far above the 80% target that was set for the section. Bottled water and municipal piped water is both at 100% respectively and as such has reached the target set for the section.

3.14.4 FOOD PREMISES MONITORING AND COMPLIANCE MANAGEMENT

Routine inspections are carried out on the premises under the National Health Act, 2003 (Act 61 of 2003) to determine compliance with the act and regulations promulgated under it. The graph below indicates the rate of monitoring and inspections carried out in different types of premises during the period under review.

Figure 40: Premises inspection rate

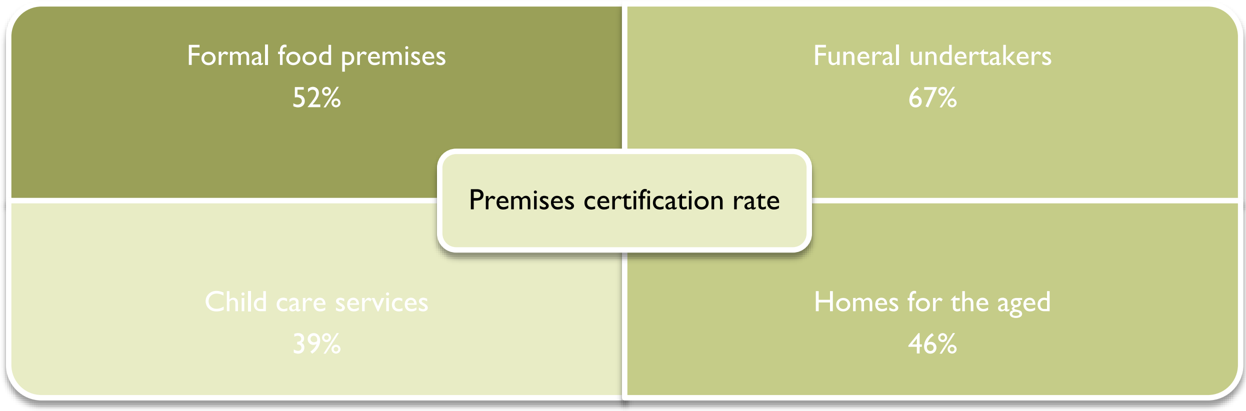


The number of funeral undertakers inspected is at 34%. Formal food premises are at 44% and falls shortly behind the 50% target the section set the period under review. Homes for the aged and schools inspections rate are below 15% respectively due to the fact that these premises do not contribute to high levels of health nuisances reported to the department by the public. Informal food traders is at 20%, the low percentage is caused mainly by the instability of this sector as business owners are always in transit moving from one area to the other in pursuit of better and more profitable spots for their business transactions. On average, the inspections rate on all types of premises is below 50%. Such a performance is compounded by ratio between the Environmental Health Practitioners and the population, which is abnormally high at the moment, making it difficult for the department to reach out to all premises in the city.

3.14.5 PREMISES CERTIFICATION RATE

Premises have to be certified according to legislation to indicate that they comply with the health requirements. Food premises are certified according to Regulation 962, whereas funeral undertakers are certified under Regulation 363 both promulgated under the National Health Act, 2003 (Act 61 of 2003). Child care centres and homes for the aged are certified under specific health by-laws promulgated by the City of Tshwane.

Figure 41: Premises certification rate



Altogether 52% of the city's formal food premises are certified. The section has put a programme in place to ensure that the number of premises outstanding must be assisted to comply with the health regulations. Funeral undertakers that have exceeded are at 67%, which is acceptable as the set target was reached. Child care services and homes for the aged are lower than 50% due to zoning and other departmental requirements that these premises must comply with before health certificates can be issued.

3.14.6 MHS EVENTS, PROJECTS AND SPECIAL OPERATION

The participation of local communities is important to ensure the sharing of knowledge and information with residents. This will help them make an informed decision about their health and environment. The MHS Section embarked on a number of projects during the year under review to raise awareness in the community about important issues relating to their health.

3.14.6.1 CHEMICAL SAFETY AWARENESS

Chemical Safety Awareness Month is celebrated annually in South Africa during February on a national, provincial and local government level. The City of Tshwane's MHS embarked on the Lead in Painted Toys Project to raise awareness amongst child care operators regarding lead in children's toys. MHS invited the early childhood development forums, child care centre principals and other relevant stakeholders, during the months of February, March and April 2013 to attend an awareness campaign on the risks of lead poisoning. During this period a total of 497 child care centre principals received awareness training.

Figure 42: MHS officials giving presentations in Hammanskraal during Chemical Safety Week

3.14.6.2 World No Tobacco Day

World No Tobacco Day is commemorated internationally each year on 31 May. Municipal Health Services embarked on an awareness campaign at the Tshwane Fresh Produce Market on 16 May 2013. One of the functions of MHS is to enforce the Tobacco Products Amendment Act, 1999 (Act 12 of 1999). It is our responsibility to ensure that the community in the City of Tshwane are aware of the effects of smoking on vulnerable groups. The Market agents and 700 community members were made aware of the dangers of tobacco products, as well as the following aspects in the Tobacco Products Amendment Act, 1999 (Act 12 of 1999).

3.14.6.3 World Food Day

World Food Day is commemorated internationally each year during the month of October. South Africa is involved on a national, provincial and local government level. The MHS Section in the Health and Social Development Department embarked on several awareness projects to educate and train grade 5 and 6 learners from various primary schools in the city regarding the World Food Day.

Table 82: Employees health inspection

Employees: Health inspection					
Job level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No	No	No	No	%
1	0	0	0	0	0%
2	5	8	5	3	38%
3	74	80	74	6	8%
4	1	2	1	1	50%
5	6	25	6	19	76%
6	0	0	0	0	0%
Total	86	115	86	29	25%
					T 3.19.4

Table 83: Financial performance

Financial Performance Year 2012/13: Clinics					
					R'000
Details	**Year -1**	**Year 0**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	27,371,073	33,773,000	33,773,000	29,705,883	-14%
Expenditure:					
Employees	80,925,259	91,555,617	89,193,273	91,536,427	0%
Repairs and Maintenance	2,047,347	1,924,600	1,924,600	1,172,390	-64%
Other	15,356,740	16,693,736	17,544,086	16,515,431	
Total Operational Expenditure	98,329,345	110,173,953	108,661,959	109,224,247	-1%
Net Operational Expenditure	70,958,272	76,400,953	74,888,959	79,518,364	4%
					T 3.17.5

3.14.7 Air Quality and Climate Change Management

The core focus of this programme is to ensure that the city protects and improve the quality and safety of the air to give effect to the right of its citizens to air that is not harmful to their health. As a result, the department of Environmental Management Services embarked on establishing and maintaining the Ambient Air Quality network by ensuring that the Air Quality Monitoring stations are able to provide the required data through the South African Air Quality Information System (SAAQIS).

In addition, the department initiated a system of licensing industrial emission activities as delegated by the devolution of Ambient Air Quality management function to local government through the Air Quality Act, 39 of 2004. The department initiated the process of capacitating the unit to carry out this mandate. To this extent three (03) officials were enrolled and completed the Environmental Management Inspector (EMI) course necessary to give effect to the delegated ambient air quality management function. The highlight in this regard is the agreement that was signed by the Mayor together with the MEC of the Provincial department (Agriculture and Rural Development) giving effect to the roll out of the EMI function to municipalities.

3.15 Ambulance services

The Department of Emergency services provides ambulance services to the city. Emergency Service personnel, amongst others, deal with fires in which people are rescued and property saved, assist the community with emergency situations, deal with unruly crowds, comfort the bereaved and liaise with the family. They must among others, bring calm in chaotic situations; talk down suicide victims, often risking their own lives to protect others.

Ambulance personnel have delivered many new born babies while transporting patients in ambulances. They are the first link in the health continuum in dealing with the increasing re-emerging diseases such as diabetes, strokes, seizures, high blood pressure and heart attacks.

The district health model is fully operational in the CoT and a large number of critical patients are transported from clinics to academic institutions (level I hospital) for admittance in intensive care, and for other critical surgeries and treatment.

The 24/7 emergency service call taking and dispatch centre receives approximately 125 000 calls per annum. Among others, ESD personnel must determine the address, the emergency situation, calm down hysterical callers, and assist the callers telephonically to do heart massage and breathing maintenance and so on. Emergency services resources are simultaneously dispatched to the emergency, during the call.

3.15.1 Levels and standards of service

The level and standard of ambulance services are determined by the Gauteng Health Department and are outlined below:

Vehicle Requirement

The basic unit of the service is an ambulance and it was felt that all other components should be related to the number of ambulances that need to be operated assuming 90 % availability.

The population was used as the basis to determine the number of ambulances required. The CoT ambulance population is 1:45 000 (2,9 million of population = 65 ambulances).

Types of vehicles are, a fixed proportion of Ambulance are designed as ILS (Intermediate life support) 40 % and BLS (Basic life support) 60 %, in accordance with equipment and staff skills for different complexities of patients care.

Patients Response Vehicle (PRV) is provided in a fixed ratio (1:5) to the total number of ambulances (13 PRV)

Staffing of Vehicles

Staffing is based on required minimum crew for the vehicles needed (see above) and in compliance with relevant legislation as follows:

- ILS Ambulance: 1 ILS (AEA)/ Emergency Care Technician (ECT) qualified, 1 BLS (BEA) qualified.
- BLS Ambulance: 2 BLS (BAE) qualified.
- Patients Response Vehicle: 1 Paramedic.

Additional weighting can be considered based on call volumes and type of incidents, however due to the current lack of accurate information in this regard; it is proposed that this factor be included at a later stage.

The basic parameter that will be used to measure efficiency is the response times; however accurate recording of this will only be possible with the new technology on fleet management system. The target established is for a 15 minute response time with an emphasis on priority one patients. Measurement of the quality of clinical care provided will gradually be introduced through hand-over systems within emergency departments (casualty, hospital and clinics).

3.15.2 Free basic services

In terms of the Gauteng Provincial Legislature (No. 148-2012; fourth Session; fourth Legislature):
On revision of the uniform patient's fee schedule relating to ambulance 2012, the following patients were indemnified from paying patient's fee in case they don't have a medical aid, i.e. free transportation to any appropriate medical facility:

- Women who are expecting (maternity patients)
- Children under the age of 6

- Elderly patients
- Patients with Tuberculosis (TB)
- Terminally ill patients

The City of Tshwane applies these criteria in delivering the ambulance service.

3.15.3 KEY PERFORMANCE AREAS

The table below presents ambulance service data for Financial Years 2011-2012 and 2012-2013. As can be seen from the figures presented the city has consistently overachieved on its targets in most areas. In FY 2012-2013, the number of paramedics and ambulances were increased, improving access to services.

Table 84: Ambulance service data

Ambulance Service Data					
	Details	**2011/12**		**2012/13**	
		Actual No.	**Estimate No. (Target)**	**Actual No.**	**Estimate No. (Target)**
1	Number of patients taken to medical facilities during the year	71640	64000	71263	65000
2	Average time for emergency call - in urban areas	14.48 min	15 min	14.74 min	15 min
3	Average time from emergency call - in rural areas	12.4 min	40 min	16.33 min	40 min
6	No. ambulance	26	26	31	26
7	No. paramedics	3	3	14	5
					T 3.18.2

Table 85: Ambulance services KPAs

Ambulances Policy Objectives Taken From IDP					
Service Objectives	**Outline Service Targets**	**2011/12**		**2012/13**	
		Target	**Actual**	**Target**	**Actual**
Ambulance turnaround time (Timeout to patients and back to medical facility)	Urban: 15 min of 80% of calls	Urban: 15 min of 80% of calls	14.48 min	Urban: 15 min of 80% of calls	14.74 min
	Rural: 40 min of 80% of calls	Rural: 40 min of 80% of calls	12.4 min	Rural: 40 min of 80% of calls	16.33 min

3.15.4HR AND FINANCIAL PERFORMANCE

The table below indicates the HR capacity in relation to the provision of ambulance services in the CoT for FY 2012-2013.

Table 86: Employees- ambulances

Employees: Ambulances				
Job Level	2012/13			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	1	1	0	0%
4 - 6	19	7	12	63%
7 - 9	36	9	27	75%
10 - 12	73	26	47	64%
13 - 15	301	301	0	0%
16 - 18	-	-	-	-
19 - 20	-	-	-	-
Total	430	344	86	20%

The financial performance of the department in relation to ambulance services shows an increase in expenditure on employees compared to the previous year. This correlates to the increase in number of employees in FY 2012-2013. In addition 22 new ambulances were procured during the Financial Year.

Table 87: Financial performance

Financial Performance Year 2012-2013: Ambulances					
					R'000
Details	2011/12	2012/13			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue	56 160 470	58 023 700	58 023 700	56 663 330	-2%
Expenditure:					
Employees	80 488 957	93 488 782	93 483 634	99 758 335	6%
Repairs and maintenance	1 051 299	1 224 800	1 224 800	1 224 527	0%
Other	5 582 396	4 654 443	4 492 443	4 904 079	5%
Total operational expenditure	87 122 652	99 368 025	99 200 877	105 886 941	6%
Net operational expenditure	30 962 182	41 344 325	41 177 177	49 223 611	16%
					T 3.18.5

Table 88: Capex Ambulances

Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
Replace medical oxygen refilling system	9.712905.1.001	1,500,000	1,500,000	1,500,000	1,499,191

COMPONENT F: SECURITY AND SAFETY

3.16 METRO POLICE

The vision of the Tshwane Metro Police Department is to decrease the crime levels through working with the National Criminal Justice System, the South African Police Services, businesses and communities, and ensuring visible policing and strengthening the municipal court system.

The core mandate of the Metro Police focuses on the areas of road policing, by-law policing and crime prevention. Road policing centres on all activities which reduce, deter or prevent the occurrence of accidents through the following mechanisms:

- Ensuring effective and efficient law enforcement
- Monitoring relevant infrastructure as well as strategic interventions where and when necessary
- Providing supportive traffic control services

In performing the above the department aims to secure a safe environment where the community can confidently use all roads in Tshwane without fear of damage, injury or death.

Since the Metro Police operates on a regional basis all activities can be focused in a localised manner applicable to the specific Region. Road policing focuses on the following areas:

- Traffic control and fines
- Law enforcement
- Traffic flow
- Speed law enforcement
- Vehicle and driver fitness
- Overload control
- Freeway patrol
- The use of advanced technology, e.g. CCTV and electronic road information systems

By-law policing in the City of Tshwane is seen as a catalyst for safety, security and order in the city. In line with the recommendations of the Tshwane Safer City Policy, by-law enforcement requires a coordinated effort from a wide range of officials with varying expertise. Further, strategic by-law policing is seen as contributing towards crime prevention, especially by addressing environmental factors which may be conducive to crime. In order to give effect to the Safer City Policy, the City of Tshwane has a five-fold by-law policing strategy which prioritises the following:

- The integration of by-law enforcement activities
- Standardisation of by-law enforcement processes
- Implementation of the docket process
- Community involvement

- A contemporary policing approach

In order to standardise by-law enforcement processes within the city, the TMPD has developed a by-law policing policy which guides by-law enforcement practices in the city. Further integration and community involvement are ongoing priorities to ensure that by-law policing will continue to improve.

By-law policing focuses on the following:

- Removal of illegal street traders
- Removal of illegal taxi ranks.

Enforcement of by-laws in conjunction with other role-players to identify and address contraventions in regard to promulgated by-laws

Crime prevention is considered to be all those activities which reduce, deter or prevent the occurrence of specific crimes. This can be achieved in the following ways:

- By altering the environment in which they occur
- By changing the conditions which are thought to cause them
- By providing a strong deterrent in the form of an effective justice system which includes policing

The nature, high incidence and distressing consequences of crime has caused it to be regarded a national priority as well as a priority issue for the City of Tshwane. The extent and effects of crime demands everyone's attention. Government institutions, organisations, business and social structures all contribute in addressing crime. The TMPD has during the last few years put in a grand effort through its Social Crime Prevention, Environmental Design and Re-design Units as well as the Specialised Crime Prevention Operations comprising canine and equestrian units.

3.16.1 Programmes and successes

The following programmes are currently being implemented in the Tshwane Metro Police Department (the programmes are of a continual nature).

3.16.1.1 Roll-out of the Ward based Strategy

The roll-out of the ward-based strategy commenced during the 2011/2012 Financial Year, to roll out three interlinked processes: renewing of the Metro Police fleet, strengthening the shift supervisory layer within the Metro Police, and the recruitment of TMPD students to become fully fledged Metro Police officers (ward-based policing is to be extended to all 105 wards of Tshwane). In this regard:

- 70 superintendents were appointed during 2011–2012 and commenced their shift supervisory duties on 1 July 2012. The 70 superintendents are the key drivers to implement the ward-based strategy.
- TMPD recruited and contracted 540 applicants for the Metro Police training course during the 2011/2012 Financial Year. At the end of the 2012/2013 Financial Year it was anticipated that the

successful trainees would graduate during September 2013, after which they would be appointed permanently as constables.

- In January 2013 TMPD also started to recruit another 1 000 Metro Police trainees.
- The process of public participation on the by-law for regulation of parking space and improving the management of parking bays that was started in December 2012. These inputs were taken into consideration in re-drafting the by-law for finalisation.
- With regard to the safer schools project and scholar patrols:
  - Various presentations were conducted at schools with specific emphasis on bullying and domestic violence.
  - The Specialised Policing Division is also a secretariat for the Local Drug Action Committee as required by the national drug master plan. The Local Drug Action Committee is a forum which is attended by all role-players such as NGOs, the Department of Social Health and Welfare, and tertiary institutions. The objective is to coordinate education on substance abuse, enforcement of drug operations, sharing of information on drugs and prioritising of areas with drug problems for operational intervention.
- An education and awareness campaign on cable theft was conducted throughout March in partnership with other role players and stakeholders the Copper Forum and the Department of Public Works and Infrastructure Development. The campaign shed light on the magnitude and impact that cable theft has and how civil society can assist in eradicating the scourge.
- Since the BRT/TRT project was activated the TMPD has worked well with other inner city traffic management programs such as parking policies and developing by-laws for the enforcement of traffic and parking policies. TMPD will house the temporary control room for TRT operations. Also housed in the building will be Urban Traffic Control, looking after traffic signals in the City, as well as the Tshwane Rapid Transit (TRT) operations.
- The department assisted the Project by putting safety and security measures in place in regard to Salvokop. The Macro Framework speaks of creating safe, secure and prosperous residential communities; changing the perception of the inner city to encourage people of all races and incomes to live in the inner city. This is to be done through the improvement of the physical environment, safety and management of the city.

In addition the TMPD deploys its members to main arterials on a daily basis, especially during peak traffic hours to assist with the flow of traffic and with strict law enforcement pertaining to contraventions.

Informal traders contribute to economic growth in Tshwane. In this regard:

- A steering committee was formed with members from the City of Tshwane and the Informal Traders Association.
- On 5 September 2012 the City approved the informal trade infrastructure facilities report.
- Members of the steering committee went on a best-practice tour to the City of Cape Town and eThekwini Municipalities from 12 to16 November 2012, to benchmark with other municipalities.
- Streets were identified and agreed on for development to ensure proper holding bays and stalls for hawkers and taxis.
- The type and design of trading stalls has been approved for implementation by the members of the steering committee.

- Refurbishment of the Greenhouse for cold storage – the dilapidated building was demolished and new buildings designed.
- A new building behind Ratanama Butchery has been designed and it includes trading stalls with ablution and sanitation facilities as well as storage facilities.

Table 89: Key performance areas

KPA	Activities or initiatives	KPI	Five-year programme target	Target 2012/13	Actual 2012/13	Comments or corrective actions
Safety	To include but not only subject to: Public awareness Enforcement, attending to and investigation of complaints, Identification of hotspots, involvement of other multi-disciplinary approaches and interventions. Notices are issued for all transgressions	The number of regional multi-disciplinary by-law policing operations executed to contribute to a reduction in by-law transgressions	2 250	450	629	By-law complaints centre was closed down during the organisational restructuring process
	To include but not only subject to: Visible policing Education awareness, CPTED, roadblocks, arrests and stop and search	The number of crime prevention interventions executed to contribute to the decrease in crime throughout Tshwane (including 105 wards)	5 420	1 262	1 825	None
	Speed law enforcement, overload control, highway policing, public transport enforcement; and road blocks	Number of road policing interventions executed in order to comply with the road safety plan (Road policing)	2 640	624	638	None

KPA	Activities or initiatives	KPI	Five-year programme target	Target 2012/13	Actual 2012/13	Comments or corrective actions
		The number of Metro Police educational awareness interventions executed focused on the empowerment of vulnerable groups (e.g. older persons, women, people with disabilities, the youth and children)	480	168	238	New indicator

Table 90: Metro police service data

Metropolitan Police Service Data					
	Details	Year -1	Year 0		Year 1
		Actual number	Estimated number	Actual number	Estimated number
1	Number of road traffic accidents during the year	57 529	53 387	42 771	49 245
2	Number of by-law infringements attended to	14 994	164	27 159	30 000
3	Number of police officers in the field on an average day	464	505	505	736
4	Number of police officers on duty on an average day	698	742	897	1 027
					T 3.20.2

Table 91: Metro police KPAs

Police policy objectives taken from IDP									
Service objectives	outline service targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous year		*Previous year	*Current year		*Current year	*Current year	*Following year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Reduce road accidents									
Fatal	2010 to 2011 – 199		206 = increase of 3,52%			191 = decrease of 7,28%			

Police policy objectives taken from IDP									
Service objectives	outline service targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous year		*Previous year	*Current year		*Current year	*Current year	*Following year
Serious	2010 to 2011 – 2 372		2 241 = decrease of 5,52%			1 904 = decrease of 15,04%			
Slight	2010 to 2011 – 7 302		6 966 = decrease of 4,6%			6 179 = decrease of 11,3%			
Damage only	2010 to 2011 – 48 170		48 117 = decrease of 0,11%			43 701 = decrease of 9,18%			
Total	2010 to 2011 – 58 043		57 530 = decrease of 0,88%			51975 = decrease of 9,66%			
									T 3.20.3

3.16.2 Employees

The organisational structure makes provision for 4 410 positions. 2 229 of these are filled by permanent employees. 508 Metro Police trainees were appointed on a contractual basis to the TMPD Academy where they are undergoing Metro Police training. It is foreseen that those who successfully complete the training will be permanently employed as Metro Police officers.

Table 92: Learning intervention statistics

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Number of persons trained calculated per course:	2 265	695	903	665	4528
Number of courses presented:	108	51	47	7	213

Table 93: Employees: police officers

Employees: Police officers					
Job level	**Year 1**	**Year 0**			
Police / Administrators	**Number of employees**	**Number of posts**	**Number of employees**	**Number of vacancies (fulltime equivalents)**	**Number of vacancies (as a % of total posts)**
Chief Police Officer and Deputy					
Other police officers					
Top management	2	1	1	0	0%
Senior management	43	78	57	7	9%
Professionally qualified	190	313	192	20	6%
Skilled technical	1 535	638	226	11	2%
Semi-skilled	408	3 350	1 724	22	1%
Unskilled	20	30	29	0	0%
Total	2 198	4 410	2 229	60	1%
					T 3.20.4

3.16.3 FINANCIAL PERFORMANCE

Table 94: Financial performance metro police

Financial Performance Year 0: Police R'000					
Details	**Year -1**	**Year 0**			
	Actual	**Original budget**	**Adjustment budget**	**Actual**	**Variance to budget**
Total operational revenue	137 015 916,45	162 069 843,00	168 764 343,00	146 406 251,34	-11%
Expenditure:					
Police officers	543 233 390,56	650 307 970,00	635 828 566,00	591 021 568,92	-10%
Other employees	133 872 327,67	147 585 325,00	154 066 117,00	141 542 916,82	-4%
Repairs and maintenance	14 938 853,00	20 123 584,00	24 902 144,00	18 900 218,29	-6%
Other	249 741 596,99	316 483 740,00	345 718 691,00	359 305 765,89	12%
Total operational expenditure	398 552 777,66	484 192 649,00	524 686 952,00	519 748 901,00	7%
Net operational expenditure	261 536 861,21	322 122 806,00	355 922 609,00	373 342 649,66	14%

Table 95: Capital expenditure metro police

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
Metro Police Services	The Establishment of Network Infrastructure (IT and CCTV)	9.712345.1.001	2,000,000	-	-	- 130,460
Metro Police Services	The Establishment of Network Infrastructure (IT and CCTV)	9.712345.1.015	-	2,000,000	2,000,000	1,515,809
Metro Police Services	Capital Funded from Operating	9.712752.1.007	1,500,000	1,600,000	1,600,000	1,591,338
Metro Police Services	Establishment of a CS centralised command and communication Centre (C4)	9.712860.1.001	16,000,000	-	-	-
Metro Police Services	Establishment of a CS centralised command and communication Centre (C4)	9.712860.1.015	-	16,000,000	16,000,000	15,997,937
Metro Police Services	Acquisition of specialised Metro police Vehicles	9.712898.1.001	12,000,000	-	-	-
Metro Police Services	Acquisition of specialised Metro police Vehicles	9.712898.1.015	-	12,000,000	12,000,000	11,997,635
Metro Police Services	Upgrading/Refurbishment of TMPD Buildings	9.712900.1.001	5,000,000	-	-	-
Metro Police Services	Upgrading/Refurbishment of TMPD Buildings	9.712900.1.015	-	5,000,000	5,000,000	4,698,104

3.16.4. Progress with Eradication of Backlogs

Table 96: progress with backlogs

<table>
<tr><th rowspan="2"></th><th colspan="3">30 June 2012</th><th colspan="3">30 June 2013</th></tr>
<tr><th>Required</th><th>Budgeted</th><th>Actual</th><th>Required</th><th>Budgeted R'000</th><th>Actual</th></tr>
<tr><td>Spending on new infrastructure to eliminate backlogs</td><td>None</td><td>2 000 000</td><td>1 998 169</td><td>The establishment of a centralised command and communication centre (712860)

Planning
• In-house approval of draft building plans (completed)
• Appointment of consultants (completed)
• Tender process for construction of building (outstanding)
• BEC, BAC and EAC (outstanding)
• Site establishment (outstanding)
• Ground works to commence (outstanding)

Executed
• Procurement of the following equipment:
  • 4 x TETRA consoles
  • 50 x TETRA motor cycle radios
  • 228 x TETRA handheld radios
  • 13 x TETRA radio antennas
  • 10 x TETRA remote vehicle links

• Finalisation of tender specifications
• Consultants to provide services in finalisation of specifications for tender advertisement:
  • Transport engineers
  • Electrical engineers
  • Structural engineers
  • Quantity surveyor
  • Civil engineers
  • Land surveyors</td><td>16 000</td><td>15 997 937</td></tr>
</table>

	30 June 2012			30 June 2013		
	Required	**Budgeted**	**Actual**	**Required**	**Budgeted R'000**	**Actual**
				• Information and communication technology engineers • Compilation of Bid Specification Committee documentation • Submission of Bid Specification Committee documentation to Supply Chain Management for processing.		

3.16.5 PROJECT INITIATIVES, CROSS-CUTTING, MEGA PROJECTS

Table 97: Projects

KPA	Project Name	Project number	Fund	R start fin year	Adjustment budget	R spent end June 2013	Ward
Road policing	Acquisition of specialised metro Police Vehicles	712898	001	12 000 000	0	11 997 634	All wards
Protection of Council property and personnel	Establishment of a centralised command centre (C3)	712860	001	16 000 000	0	15 997 937	All wards
Protection of Council property and personnel	Establishment of network infrastructure (IT and CCTV)	712345	001	2 000 000	0	1 854 300	All wards
Support and administration	Capital funded form operating budget	712752	001	1 500 000	1 600 000 (R100 000 transferred from Opex to Capex)	1 599 479	All wards
Support and Administration	Upgrading/ refurbishment of departmental buildings	712900	001	5 000 000	0	4 833 637	All wards

3.17 FIRE

The Emergency Services department is responsible for the provision of fire services in the City of Tshwane.

The Fire Brigade Service Division consists of two components, namely Fire Operations and Fire Safety.

The Fire Brigade Services Division strives to enable the community of Tshwane to prosper in a safe environment and has therefore amongst others set itself the goals of:

- Providing comprehensive fire-fighting, rescue and fire safety services to prevent loss of life and property losses,
- Coordinating resources to identify and reduce risks and to minimise the impact of disasters and emergencies on the people, property, environment and economy of the city.

To achieve these goals and to comply with certain laws, in particular the Fire Brigade Services Act and the Constitution, the Department provides fire-fighting and rescue services. It also provides, as part of its core functions, specialised services and humanitarian services, including a service to deal with incidents involving hazardous substances.

Fire Safety Services renders fire safety service activities relating to minimising losses, protecting life and property through preventing, eliminating and reducing hazards that contribute to the occurrence of incidents as well as the introduction of active and proactive preventative measures to minimise the spread of fire.

3.17.1 Key performance areas Fire

The table below highlights specific performance in terms of national norms and standards.

Table 98: Fire KPAs

Fire Service Policy objectives taken from IDP									
Service objectives	**Outline service targets**	**2011/12**		**2012/13**			**2011/12**	**2010/11**	
		Target	**Actual**	**Target**		**Actual**	**Target**		
Service indicators		***Previous year**		***Previous year**	***Current year**		***Current year**	***Current year**	***Following year**
(i)	**(ii)**	**(iii)**	**(iv)**	**(v)**	**(vi)**	**(vii)**	**(viii)**	**(ix)**	**(x)**
SANS 10090 Cat A Structural Fires	80% baseline - 5 minutes response time	70% as per master plan	56 out of 83 = 67,5%	70% as per master plan	80% baseline as per scorecard	31 out of 55 = 56,4%	56 out of 83 = 67,5%	43 out of 67 = 64,2%	31 out of 55 = 56,4%
SANS 10090 Cat B Structural Fires	80% baseline – 7 minutes response time	70% as per master plan	83 out of 189 = 43,9%	70% as per master plan	80% baseline as per scorecard	46 out of 119 = 38,7%	83 out of 189 = 43,9%	47 out of 110 = 42,7%	46 out of 119 = 38,7%
SANS 10090 Cat C Structural Fires	80% baseline - 12 minutes response time	70% as per master plan	716 out of 1412 = 50,7%	70% as per master plan	80% baseline as per scorecard	398 out of 924 = 43,7%	716 out of 1412 = 50,7%	246 out of 568 = 43,3%	398 out of 924 = 43,7%
SANS 10090 Cat D Structural Fires	80% baseline - 20 minutes response time	70% as per master plan	327 out of 460 = 71,08%	70% as per master plan	80% baseline as per scorecard	325 out of 467 = 69,6%	327 out of 460 = 71,08%	299 out of 407 = 73,5%	325 out of 467 = 69,6%
.									*T 3.21.3*

Table 99: Fire service data

Metropolitan Fire Service Data					
	Details	**2011/12**	**2012/13**		**2011/12**
		Actual No.	**Estimate No.**	**Actual No.**	**Estimate No.**
1	Total fires attended in the year	4 929	5400	3 859	4866

	Metropolitan Fire Service Data				
	Details	**2011/12**	**2012/13**		**2011/12**
		Actual No.	**Estimate No.**	**Actual No.**	**Estimate No.**
2	Total of other incidents attended in the year	8 980	7 069	4 556	4879
3	Average turnout time - urban areas (Structural Fires Cat A-C (12min))	8,7 Min	12 Min	10,18 Min	12 Min
4	Average turnout time - rural areas (Structural Fires Cat D 20min))	16,66 Min	20 Min	16,4 Min	20 Min
5	Fire fighters in post at year end	354 FF appointed out of Divisional Total of 494	597 FF out of a Divisional Structural Total of 847	479 FF appointed out of Divisional Tot of 619 (125 FF appointed)	597 FF out of a Divisional Structural Total of 847
6	Total fire appliances at year end (F&R)	60	60	60	60
7	Average number of appliance off the road during the year	25	12	29	12
					T 3.21.2

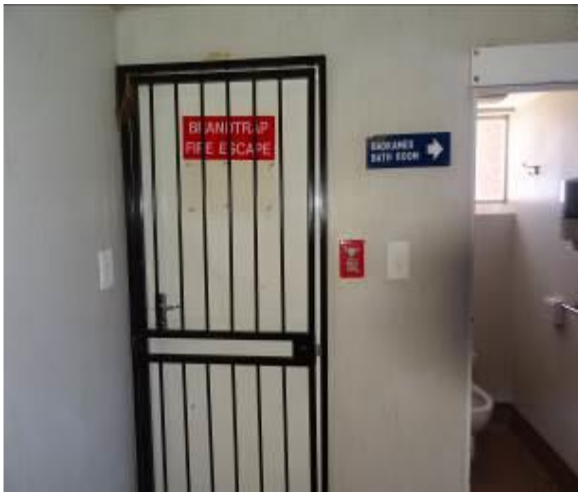
3.17.1.1 BUILDING PLAN ASSESSMENTS

The department scrutinised and assessed 18 838 building plans and other urban development applications that included rational designs and new township developments. The following compliance requirements are assessed when scrutinising building plans. :

- The protection of occupants or users and measures for the safe evacuation from such buildings;
- To minimise the spread and intensity of a fire within the building and to another building;
- That the building will retain sufficient structural stability and not endanger other buildings;
- To minimise and control the generation and spread of smoke throughout the building;
- To ensure that provision is made for adequate means of access and equipment for detecting, fighting, controlling and extinguishing a fire; and
- To prevent the outbreak and spread of fire.

3.17.1.2 Closure of dangerous buildings

The department of Emergency Services plays a critical role in the development of the city. The closure of dangerous buildings that may compromise the safety of occupants falls within the jurisdiction of this Department. A total of 24 buildings were closed due to unsafe conditions. Legal actions have been taken to ensure compliance.



3.17.1.3 Compliance to the law

Another priority area in the safer city initiative of the City is to restore a culture of respect for the law by the citizens and business people of the City. This Department conducted the following activities to ensure compliance to the priority of respect to the law:

- The execution of 14 124 routine assessments to re-assess the following thoroughly in order to verify if remedial actions are to be taken:

    - Escape and emergency routes
    - Building, fire protection and fire safety systems
    - Fire reticulation systems
    - Portable and fixed fire fighting equipment
    - Service shafts, ducts and fire dampers
    - Marking and signposting
    - Lifts and lobbies
    - Access for fire fighting and rescue purposes
    - Fire compartmentation
    - Construction elements

- Non-compliance to statutory legislation governing fire safety is a general tendency in the City. A total of 2 096 warning notices and 297 Section 56 summons to appear in court have been issued.

- 5 289 inspections on installations relevant to hazardous and dangerous substances were executed in order to issue registration certificates and the assessment of existing installations to verify if remedial actions are to be taken or not, this includes:
  - LPG installations and storage of small consumer sites
  - Liquid fuel installations and storage on small consumer sites and bulk depots
  - Spraying rooms, booths and storage facilities

A total of 18 838 urban development control activities were conducted that included:

- Scrutinising and approval of building plans;
- Commenting on rezoning, subdivision and consolidation of stands;
- Establishing water connection sizes for water supply to premises;
- Planning of street water reticulation;
- Reviewing and approval of rational designs

To ensure that plans are compiled to enable the operational personnel to handle an incident effectively a total of 284 pre-incident plans were compiled of buildings containing risks.

A total of 320 fire investigations were done to determine the origin and cause of a fire and to identify the dangers involved in processes and materials in order to prevent a re-occurrence of similar incidents and to upgrade the applicable standards where necessary.

A total of 12 386 fire hydrant assessments and maintenance were done, to ensure that all street hydrants are functional in the event of a fire.

Fire safety focused on occupancies that will have an economic impact in the city if a fire or disaster might occur. The effect of a fire or disaster to these occupancies will have a huge impact on the city and therefore the compliance to minimum safety requirements is essential.

The following occupancies of interest to the city were focused on:

<u>Hospitals, Old age homes and clinics</u>

Fire safety assessments at 14 hospitals and 21 Old Age Homes in the city took place. It is important to note that the majority of state hospitals in the city do not comply with minimum National Building Regulations which pose a major concern to the city. Some of the life-threatening shortfalls identified were:

- Escape routes were obstructed
- Fire escape doors were locked
- Smoke and draft doors were removed
- Fire alarm systems were not operational

Continuous follow up assessments are being done by the emergency services department to ensure full compliance.

<u>Correctional facilities and holding cells</u>

The overpopulation of correctional facilities in the country is one of the challenges faced by the Department of Correctional Facilities. If a fire emergency might occur in a holding facility the results might be disastrous. The Emergency Services Department did assessments at all correctional facilities in the city and is currently in the process of assisting with emergency evacuation plans, fire safety compliance and health and safety awareness.

Transportation of dangerous goods

Vehicles carrying hazardous material must comply with regulations set out in Hazmat guidelines, which stipulate rules for transporting hazardous materials such as chemicals, fuel and gas. These are enacted by individual countries in consultation with disaster management and transport departments as prescribed by the United Nations.

Vehicles transporting hazardous materials such as radioactive, inflammable, explosive and toxic liquids and gases through the city are posing a risk by ignoring vital regulations governing the transport of dangerous goods. The department, in conjunction with other road agencies, did a number of road blocks to check that the vehicles carrying dangerous good, comply with National Safety Codes.

High risk industrial industries (Major hazardous installations)

Major hazard installations are most commonly/typically:

- Petrochemical works/facilities and refineries,
- Chemical works and production plants,
- Liquefied petroleum gas (LPG) stores and terminals,
- Chemical stores and distribution centres,
- Large fertilizer stores,
- Chlorine used/stored in bulk
- Ammonia used/stored in bulk,

The department concentrated its fire safety assessments on 43 high risk industries in the city to ensure compliance.

3.17.2 Specialist Task Force Service

The Specialist Task Force (STF) was established on 1 July 2012. The Specialist Task Force is responsible for specialized hazardous substance incidents for example fuel tankers, fuel depots and chemical spills. This Division responds to train accidents, diving incidents, floods, swift water rescue and incidents of a special nature. Rapid Intervention Teams were established within STF during June 2013 in order to rescue the "rescuer". This service is provided at request of Incident Commanders and at all structural fires.

In order to execute their mandate, personnel members are trained and competent in one or more of the following specialist disciplines: Class IV Rescue Divers; Urban Search and Rescue Technicians; HAZMAT Technicians; Rapid Intervention Team Members and Advanced Life Support Technicians.

Some of the noteworthy incidents that the Specialist Task Force attended to are:

3.17.2.1 Mamelodi - Phomolong informal settlement

The main underground water pipe passing through Phomolong informal settlement in Mamelodi that feeds the water reservoir at Mamelodi east with water had burst. This resulted in flooding causing the death of two children and injuries to other residents.

The incident occurred at early hours of Monday the 20th August 2012 while the residents were asleep. A number of families affected being evacuated out of the water and taken to place of safety and some to hospital. The service infrastructure department were informed immediately and responded to shut down the supply valve in order to stop water leakage and secondary injuries. The Specialist Task Force participated to successfully extricate patients from the affected area

3.17.2.2 Severed water main: capital park reservoir

The water-main emanating from the Capital Park Reservoir had been repaired to seal a leak some time ago. On the night of 4 July 2013 the water main broke at the repaired flange and huge quantities of water streamed down the mountain area on which the reservoir was situated.

A total of 29 Emergency Services Department members participated and were accompanied by various vehicles/equipment to attend to the incident

3.17.2.3 Train derailment De Wagensdrift

A Hazardous Materials Incident that the Specialist Task Force attended occurred on the 16th of May 2013 at the De Wagensdrift Railway Line East. The derailment resulted in eleven (11) wagons overturning, subsequently spilling about 484 tons product of sulphur granules onto the railway line and on the side of the rail track.

3.17.3 HUMAN RESOURCE AND FINANCE PERFORMANCE

The tables below presents Fire services performance in terms of HR and finance.

Figure 43: Employees fire services

Employees: Fire Services					
Job Level	**2011/12**	**2012/13**			
Fire Fighters / Administrators	**Employees No.**	**Posts No.**	**Employees No.**	**Vacancies (fulltime equivalents) No.**	**Vacancies (as a % of total posts) %**
Chief Fire Officer & Deputy					
Other Fire Officers					
0 - 3	-	1	1	0	0%
4 - 6	-	22	10	12	55%
7 - 9	-	43	11	32	74%
10 - 12	-	104	34	70	67%
13 - 15	-	615	523	92	15%
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	-	785	579	206	26%
					T 3.21.4

Figure 44: Financial performance fire services

Financial Performance Year 2012/130: Fire Services R'000					
Details	**2011/12**	**2012/13**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	3,651,591	2,548,700	3,880,600	6,929,388	63%
Expenditure:					
Other employees	203,237,466	195,356,365	216,559,144	221,740,960	12%
Repairs and Maintenance	1,283,856	597,000	597,000	578,213	-3%
Other	27,960,473	26,674,344	26,530,573	25,634,248	-4%
Total Operational Expenditure	232,481,795	222,627,709	243,686,717	247,953,421	10%
Net Operational Expenditure	228,830,204	220,079,009	239,806,117	241,024,033	9%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.21.5*

3.18 Disaster management

The Disaster Management Centre Division in the department of Emergency Services focuses on creating safer and resilient CoT communities through coordination of all-hazard prevention, preparedness, and mitigation, response and recovery activities within the framework of sustainable development. These activities are aimed at protecting lives, property and the environment.

Disaster Management operates in both centralized and decentralized regions (Klerksoord & Centurion) while others are based at the Pieter Delport Centre but operates in all the five regions. Communities can interact with the Disaster Management Centre (DMC) through disaster management ward committees, NGO/CBO's, Public and Private Sector and other community forums. This can lead to the impacts of disasters being reduced to a greater extent, as well as better community preparedness.

3.18.1 Disaster Management Advisory Forum

The Department has extensively embarked on the mitigation against the identified disaster risks for the City.
The Disaster Management Advisory Forum (DMAF) is a multi-stakeholder body in which the City of Tshwane and relevant disaster management external role players/stakeholders in the City consult one another and coordinate their disaster management actions/interventions in order to create a disaster resilient city. This includes representatives with a wide variety of complementary expertise and experience of relevance to emergency services.

The DMAF plays a strategic and advisory role, leaving the bulk of actual planning to the established technical task teams. The technical task teams (sub-committees) are established to address specific issues relating to disaster risk management. Each technical task team has a lead agency (for convening and chairing the meetings) and supporting agencies. The technical task teams develop their own terms of reference.

A report on the establishment of the DMAF served was approved by Council. The members of the forum were designated by the Executive Mayor as per Section 51 of the Disaster Management Act and received letters of appointment on 29 November 2012.

In an effort to address specific pre-disaster or post-disaster risk elimination/reduction, the established technical task teams (TTTs)/working groups determine their own terms of reference and project implementation plans. The TTTs (through their chairpersons) report regularly to the DMAF on progress.

3.18.2 Municipal Disaster Risk Management Policy Framework (MDRMF)

The MDRMF aims to ensure an integrated, coordinated and uniform approach to disaster risk management in the municipality by all municipal departments; statutory functionaries of municipalities; all municipal entities operating in its area; nongovernmental organisations involved in disaster risk management; and by the private sector.

The City of Tshwane has compiled a MDRMF for the municipality which is the policy document for the CoT that will drive the activities of the municipal disaster management centre. It also identifies the roles of departments in terms of disaster management responsibilities.

The Framework spells out clear objectives and provides the impetus towards the development of specific disaster risk management plans (and contingency plans) by all municipality entities and municipal departments. These plans will address the realities within the CoT and will be guided by the MDRMF.

The Disaster Management Act specifies clear requirements for completed disaster risk management plans. The Disaster Risk Management Plan must also focus on ways and means to prevent and/or mitigate the risks and/or results of disasters; and to maximise preparedness for potential disasters.

3.18.3 Inter-departmental Joint Operations Committee

An Inter-departmental Joint Operations Committee was established to mitigate against the disaster risks of the City. In resolving affecting matters the Committee has dealt with the following challenges:

Floods in the city pose a major threat and are therefore identified as one of the disaster risks. Tshwane has experienced various floods that have affected the community as follows:

- houses collapsed,
- cars were stuck in heavy floods, and
- there was loss of lives.

Raw sewage, tree stumps and other waste are found in the rivers. This poses a risk of flooding, pollution and outbreak of diseases affecting the community and rescue personnel.

BEFORE AFTER

Figure 45: Hennops River before and after

After various interventions and continuous monitoring from the Committee the Hennopsriver has been cleaned and maintained. Continuous monitoring is taking place and meetings with Municipalities upstream are in process.

Machaka View informal settlement is situated in Region 5, Ward 100 of Tshwane. The settlement was used for illegal dumping of waste materials from the nearby steel company. Numerous complaints were received from residents next to the old dumping site. These complaints include burns to the skin (especially to the feet of children above the shoe line), odours irritating the nose and skin. The community

complained of smoke appearing out of the ground in the area where the old dumping site used to be. Based on the aforementioned the city developed a project plan to appropriately respond to the notice issued by Department of Environmental Affairs as well as to ensure that the site is cleaned and rehabilitated as soon as possible.

Various major hazardous installation locations in the city were introduced to the committee to allow departments to take a proactive approach in the possible dangers associated with these installations. A high risk industrial forum technical task team are in the process of being established to ensure that all major hazardous installations are handled according to legislation.

The following incidents were highlighted and discussed during the Committee meetings:

- There were a total of 112 road accident fatalities between September 2012 and January 2013.
- There was a run-away truck on Garsfontein Road in October 2012 which caused a fatality.
- A motor vehicle accident in Bronkhorstspruit on 7 January 2013 caused 16 fatalities.
- Train accident at Cordelfos Station on 31 January 2013: there was a vast amount of injuries but no fatalities.
- Road conditions might be a contributing factor to the high accident rate in the city.
- High pedestrian accidents are noted.
- Accidents have economic and environmental impact on the city.
- Uneven road surfaces and run-away heavy vehicles at Rigel Ave, Garsfontein/Solomon Mahlangu, Nellmapius/Solomon Mahlangu, Kgosi Mampuru, etc. have been identified.
- The department forming part of the Comprehensive Integrated Transport Plan (CITP) work group for road safety.
- The increase of roadblocks in the city to assess vehicles carrying dangerous goods.
- The department forms part of the SANRAL and PRASA work groups on road and rail safety.

3.18.4CITY JOINT OPERATING CENTRE

The Emergency Services Department is standing in for the National and Provincial Disaster Management Centres as approved by Council and is known as the City DOC. The City DOC is situated at the Disaster Management Centre, 133 Beckett Street, Pieter Delport Centre. This centre plays a role in the facilitation of disaster risk management planning and operations and multidisciplinary strategic management of disaster operations.

The following arrangements are in place:

- An integrated information management and communication system.
- A central communications centre, including the establishment and maintenance of a central 24-hour communications facility for reporting purposes as well as for managing the dissemination of early warnings and co-coordinating activation and response to significant events and disasters
- A media and public information service that makes provision for two-way communication within communities and among individuals by providing information on disaster risk reduction strategies, preparedness, response, recovery and all other aspects of disaster risk management, as well as providing communities with the mechanisms for obtaining access to assistance in the event of an

emergency and for reporting important information to the relevant disaster management centres, Provincial and National JOC.

- The response and rehabilitation role involves the coordination of complex incidents where several internal and external response agencies are involved in incident response and rehabilitation.
- Assess the need and coordinate response and relief and rehabilitation processes.
- Maintain information desk for further reporting.

3.18.5 SCHOOL AWARENESS CAMPAIGNS

The City of Tshwane department of Emergency Services conducted school awareness campaigns during financial 2012-2013. The table below presents a summary of school awareness campaigns conducted.

Table 100: School awareness

Date	Theme and purpose of awareness	Target group	Venue	Ward	Region
25/07/12	Winter campaign	School learners	Rethabile primary school	77	3
25/07/12	Winter campaign	School learners	Baleseng day care centre	77	4
25/07/12	Winter campaign	School learners	Sizanani day care centre	77	4
25/07/12	Winter campaign	School learners	Oratile day care centre	77	4
25/07/12	Winter campaign	School learners	Ikageng day care centre	77	4
25/07/12	Winter campaign	School learners	Mable day care centre	77	4
25/07/12	Winter campaign	School learners	Ke arabetswe care day centre	77	4
25/07/12	Winter campaign	School learners	Tiisetso educare	77	4
25/07/12	Winter campaign	School learners	Good hope day care	77	4
25/07/12	Winter campaign	School learners	Lethabong day care centre	77	4
25/07/12	Winter campaign	School learners	Grasar day care centre	77	4
28/08/12	Winter campaign	School learners	Silver star nursery school	60	3
04/09/12	Primary school guide pack	School learners	Mkhambi primary	104	7
09/09/12	Child protection day	School learners	Child protection day, Refilwe in Cullinan	100	5
12/09/12	GDS theme	School learners	Chokoe primary	100	5
12/09/12	Flood campaign	School learners	Sedibeng primary	100	5
14/09/12	Primary school guide pack	School learners	Sikhulisile primary	104	5
21/09/12	Flood campaign	School learners	Sunshine nursery	60	3
25/01/13	Flood campaign	School learners	Kudube primary school	75	2
01/02/13	Wetlands campaign	School learners	Sekampaneng primary school	8	2
05/02/13	Flood /wetland campaign	School learners	Philena primary school	77	4
06/02/13	Flood/ wetlands campaign	School learners	Sedibeng primary school	100	5

Date	Theme and purpose of awareness	Target group	Venue	Ward	Region
06/02/13	Flood/ wetlands campaign	School learners	Chokoe primary school	100	5
07/02/13	Floods campaign/ wetlands	School learners	Meetse abo Pelo primary school	12	6
07/02/13	Floods campaign/ wetlands	School learners	Tshimollo primary school	15	6
10/05/13	winter Campaign	School Learners	Setumo khiba Secondary	21	1
05/06/13	Winter Campaign	Kids and Community	Jafta Mahlangu	28	6
07/06/13	Winter Campaign	Crèche	YMCA-Zone 5 Ga-rankuwa	32	1
07/06/13	Winter Campaign	School Learners	Marokolong Primary	74	2
07/06/13	Winter Campaign	Crèche	Sekampaneng Sports ground	75	2
12/06/13	Winter Campaign	school Learners	Koos Matli Primary	16	6
13/06/13	Winter Campaign	School Learners	Masizane Primary	17	3
14/06/13	Winter Campaign	Crèche	Nkhensani Crèche	34	1
14/06/13	Winter Campaign	Crèche	Togetherness care givers - Soshanguve	37	1
17/06/13	Winter Campaign	School Learners	SANCA- Eesterust	43	6
24/06/13	Winter Campaign	School Learners	Nelmapius	86	6

Table 101: Community awareness

Date	Theme and purpose of awareness	Target group	Venue	Ward	Region
26 /07/12	Winter campaign	Community members	Kekana gardens clinic, community campaign	94	1
30/08/12	Women's month	Community members	Women's month campaign	3	3
01/09/12	Mortar bomb campaign	Community members	Brazzaville community campaign in Atteridgeville	68	3
17/11/12	Service delivery	Community members	Seshegong primary , community campaign	62	3
24/11/12	Floods awareness campaign	Community members	Mandela community campaign in Hammanskraal	74	2
31/01/13	Wetlands cleaning campaign	Community members	Stream cleaning campaign in Hammanskraal	75	2

Date	Theme and purpose of awareness	Target group	Venue	Ward	Region
19/06/13	Winter campaign	Community members	Itireleng Informal settlement	61	3
21/06/13	Winter campaign	Community members	Kekana Gardens	73	2
21/06/13	Winter Campaign	Community members	Falala Community Hall	12	1
27/06/13	Winter Campaign	Community members	Zithobeni	102	5
28/06/13	Winter campaign	Community members	Kanana Village ward	49	1

On Saturday, the 12th January 2013 Disaster Management activated different stake holders such as National Department of Higher Education and Training, Health and Social Development Department, MMC's Office (Health & Social Development), TUT Registrar and local councillor to deal with the crisis of the prospective students registrations, where TUT Registrar, Prof. Mothata also advised the students that there is no space at TUT Soshanguve. In the process DM organised food for the learners whilst they were preparing to go back home when the week starts.

During the 67 Minutes for Madiba 2012, a project was planned to paint the house numbers and street names on road corners and pavements at eZithobeni. This is to address the challenge for emergency and police vehicles to locate addresses due to the absence of street names and house numbers which have either been stolen or removed. Food parcels were issued to volunteers and community in the area.

Table 102: Disaster KPAs

Disaster management policy objectives taken from IDP									
Service objectives	Outline service targets	2012/13		2011/12			2010/11	2009/10	
		Target	Actual	Target		Actual	Target		
Service indicators		*Previous year		*Previous year	*Current year		*Current year	*Current year	*Following year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Percentage of disaster incidents in the City of Tshwane (incidents attended to against requests received)	100% responded and attended to all disaster incidents against requests received	100%	100% responded and attended to all incidents as requested in all seven regions (sixty five)	100%	100%	100%	100%	100%	100%

T 3.22.3

Table 103: Employees disaster management

Employees: Disaster Management					
Job level	2011/12	2012/13			
	Number of employees	Number of posts	Number of employees	Number of vacancies (full-time equivalents)	Number of vacancies (as a % of total posts)
0 – 3	-	1	1	0	0%
4 – 6	-	9	6	3	33%
7 – 9	-	12	4	8	67%
10 – 12	-	40	12	28	70%
13 – 15	-	17	2	15	88%
16 – 18	-	-	-	-	-
19 – 20	-	-	-	-	-
Total	-	79	25	54	68%

T 3.22.4

Table 104: Financial performance: disaster

Details	2011/12 Actual	2012/13 Original budget	2012/13 Adjustment budget	2012/13 Actual	2012/13 Variance to budget
Total operational revenue	0	41 100	41 100	68 681	40%
Expenditure:					
Employees	13 950 724	14 802 624	14 802 624	15 103 473	2%
Repairs and maintenance	0	0	0	0	0%
Other	3 696 368	4 412 391	3 681 291	3 745 944	-18%
Total operational expenditure	17 647 092	19 215 015	18 483 915	18 849 417	-2%
Net operational expenditure	17 647 092	19 173 915	18 442 815	18 780 736	-2%

Table 105: Capex: fire and emergency services

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Expenditure Projection	Cumulative Actual	Cumulative Expenditure Projection Not/ (Over) Spent	% Cumulative Expenditure Projection Not/ (Over) Spent
Emergency Services	Acquisition: Fire Fighting Vehicles	9.710564. 1.001	22,000,000	2,000,000	-	2,000,000	-	2,000,000	100%
Emergency Services	Acquisition: Fire Fighting Vehicles	9.710564. 1.015		20,000,000	22,000,000	20,000,000	21,998,598	- 1,998,598	-10%
Emergency Services	Establishment/Construction of Fire House Heuweloord	9.710566. 1.001	8,000,000	4,300,000	4,300,000	4,300,000	4,148,677	151,323	4%
Emergency Services	Refurbishment of Fire Fighting Vehicles	9.711454. 1.001	500,000	500,000	500,000	500,000	496,883	3,117	1%
Emergency Services	Disaster Risk Management Tools and Equipment	9.712587. 1.001	1,200,000	-	-	-	-	-	0%
Emergency Services	Capital Funded from Operating	9.712765. 1.007	3,000,000	3,000,000	3,000,000	3,000,000	2,955,267	44,733	1%
Emergency Services	Capital Funded from Operating	9.712834. 1.007	-	-	-	-	- 12,950	12,950	0%
Emergency Services	Upgrading of a Fire House in Ekangala	9.712903. 1.001	500,000	500,000	500,000	500,000	499,968	32	0%
Emergency Services	Upgrading of a Fire House in Rayton	9.712904. 1.001	500,000	500,000	500,000	500,000	499,615	385	0%
Emergency Services	Replace medical oxygen refilling system	9.712905. 1.001	1,500,000	1,500,000	1,500,000	1,500,000	1,499,191	809	0%

COMPONENT G: SPORT AND RECREATION

3.19 SPORT AND RECREATION

The provision of sport and recreation facilities and programmes is a priority under strategic objective 3 of the City's IDP. The department of Sports and Recreation is predominantly responsible for this function; however, it is supported by the department of Environmental Management that delivers parks, which are an important recreational facility in the City of Tshwane.

During the FY 2012/13 the department of Sport and Recreation spend R 219 234 416.00 on capex projects to provide facilities to communities.

The upgrading of Soshanguve Giant stadium included completion of all concrete work and the construction of the roof. It is envisaged that this project will be finalised during 2014. The assessment to determine the compliance of the main pavilion to building regulations at the HM Pitje stadium was completed.

The department also embarked on multi-phased projects to construct 3 multi-purpose sport and recreational facilities i.e. Lotus gardens, Olievenhoutbosch and Hammanskraal facilities. Lotus gardens multi-purpose sport and recreational facility was completed during 2013.

The department also embarked on a multi-phased project to green sports fields. The earth works for the construction of two 5-aside courts and 1 full size artificial field were completed, but the finalisation of the entire project is envisaged to be in 2014. The Mbolekwa stadium in ward 62, Rethabile stadium in ward 23 and Western ground in ward 31 and other wards are beneficiaries of this endeavour.

During the FY 2012/13 the Department of Environmental Management Services spent R84 578 008 on Capex Project under the Two Parks per Ward programme to provide Parks to communities. 22 Parks were completed in the following Regions-

Figure 46: Parks development

Region 2:

- Stinkwater Thematic Park, Ward 13
- Erf 344, Hammanskraal (Rens), Ward 49
- Erf 132 Ramotse, Ward 73
- Oustad park 1 upgrade, Ward 74
- Oustad park 6 upgrade. Ward 74
- Oustad park 13 upgrade, Ward 74
- Oustad park Block N opposite 13, Ward 74 (New)
- Oustad park (opposite 1), Ward 74 (New)
- Temba Circle, Ward 74

Region 3:

- Erf 6799, Lotus Gardens, Ward 7
- Morifilapa Street, Atteridgeville, Ward 72

Region 4:

- Erf 1101, Doringkloof. Ward 65 (New)

- Erf 2712 Olievenhoutbosch (Waterberg & R55 N), Ward 77 (New)
- Erf 2713 Olievenhoutbosch (Waterberg & R55 S), Ward 77 (Upgrade)
- Erf 5501 Olievenhoutbosch (Opposite Kumbyane), Ward 77 (New)
- Erf 2712 & 4207 Olievenhoutbosch (Linkage Walkway), Ward 77 (New)
- Ptn Erf 28 Olievenhoutbosch (Opposite 24 Hour Park) (R55 gateway), Ward 77
- Ptn Erf 5426 Olievenhoutbosch (24 Hour Park), Ward 77 (Upgrade)

Figure 47: Construction of a 24Hr park in Olievenhoutbosch

Region 6:

- Erf 6956, Mamelodi (Pienaars River Thematic Park), Ward 6
- Erf 9470 Mamelodi (Tsamaya Avenue, Ward 18

Region 7:

- Erf 2799 Zithobeni Ext 2 (at Mothibe Drive), Ward 102 (Upgrade)
- Erf 2277 Zithobeni Ext 7 (at Zulu Street), Ward 102 (Upgrade)

880 120 visitors were recorded at the Nature Reserves, Recreation Resorts and Swimming Pools for the 2012/13 Financial Year. This constitutes an increase of 106 339 in comparison to the 2011/12 Financial Year.

Table 106: Financial performance: sport and recreation department

Financial Performance Year 0: Sport and Recreation R'000					
Details	**Year -1**	**Year 0**			
	Actual	**Original budget**	**Adjustment budget**	**Actual**	**Variance to budget**
Total operational revenue					
Expenditure:					
Employees	8 605	10 302	14 302	11 430	2 872
Repairs and maintenance	115	36	36	35	1
Other	9 936	6 877	18 877	18 897	-20
Total operational expenditure	18 656	17 215	33 215	30 362	2 853
Net operational expenditure					

T 3.23.4

Table 107: Capex: sport and recreation department

Capital expenditure, year 0: Sport and recreation R' 000					
Capital projects	**Year 0**				
	Budget	**Adjustment budget**	**Actual expenditure**	**Variance from original budget**	**Total project value**
Total	105 000 000	156 971 797	176 493 240	113%	718 000 000
Upgrading of the Soshanguve Giant Stadium	68 000 000	114 400 000	134 918 540	120%	560 000 000
Hammanskraal multi-purpose sport facility	10 000 000	2 000 000	1 879 896	94%	12 000 000
Olievenhoutbosch multi-purpose sport facility	5 000 000	8 571 797	8 550 918	99%	30 000 000
Solomon Mahlangu Freedom Square	12 000 000	2 000 000	1 962 739	98%	36 000 000
Lotus Gardens multi-purpose sport facility	10 000 000	10 000 000	9 953 565	99%	40 000 000
Greening of sports fields	0	20 000 000	19 227 582	96%	40 000 000
HM Pitje Stadium	0	2 206 435	1 289 929	55%	1 300 000

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T 3.23.5

3.19. Inaugural Tshwane Open

When South Africa hosted the 2010 FIFA World Cup, we surprised the world on many levels, demonstrating our impeccable capacity and capability to host international events, but also proving to the world that South Africa is safe its citizens are excellent hosts.

Incidentally, Tshwane was named the best host city for the 2010 FIFA World Cup an accolade we take very seriously and with pride. One of the key messages following the hosting of the World Cup was that South Africa needed to capitalize on this success and use it to attract more large scale international event, a message City of Tshwane took to heart.

It is with this background in mind, that in 2012 the City announced that it was preparing itself to enter the world of live sports events with its inaugural Tshwane Open at the end of February 2013 at the Ernie Els Copperleaf Golf Estate in Centurion. The Els Club golf course designed by former World No. 1 South African professional golfer, Ernie Els. It is built on land once lived on by Ernie Els' grandfather, Mr. Ernie Vermaak. Copperleaf is proud to be home to South Africa's first Els Club. This beautiful course has been designed to the highest possible specifications and USGA specifications. It is the second 'Signature' Ernie Els designed golf course in South Africa.

Golf is arguably amongst the fastest growing sporting codes in South Africa. It is known to attract high-end affluent consumers (whether participants or spectators) and tourists who generate above-average per capita revenues for the destinations they visit. Golf tourists can be categorized into three categories:

- tourists who go on holiday primarily to play golf;
- those who play some golf as a secondary activity whilst on a holiday or business trip; and
- those who attend tournaments as spectators.

Pursuant to city's vision to position the City of Tshwane as Africa's capital city of excellence, The City of Tshwane's visionary leadership identified the Tshwane Open golf tournament as a key strategic platform to position the City's brand nationally and internationally, but also use the event to contribute to economic development in the city.

The Tournament was officially launched on Tuesday, 28 August 2012 at the Copperfield Golf Estate. The Tshwane Open is a co-sanctioned Tournament by the European Tour and the Sunshine Tour - one of six founding professional golf Tours that make up the International Federation of PGA Tours during the summer 2012/13 - Race to Dubai. The tournament took place from 28 February to 3 March 2013 at the Els Copperleaf Golf Estate, Tshwane.

The city identified that hosting such a tournament will create local and international awareness about city, opportunities that exist in the city, position Tshwane as a preferred golf tourism destination, a place to live, work, invest and study but more significantly create stimulate a number of economic spin-offs for the City's various sectors.

At the Tournament launch, the Executive Mayor of Tshwane said, "The money we are guaranteeing is an investment we are making in ensuring coverage for Tshwane all over the world and it's a small contribution compared to the budget for the indigent programmes that will provide relief to the poor".

In order to optimally leverage off the event in line with the city's destination marketing strategy and obtain maximum exposure, it was critical that a 360^0 Marketing and Communications campaign be implemented. The Campaign idea - "It's more than just golf" was adopted, and this allowed for a full on destination marketing campaign – promoting additional tourism experiences beyond the golf.

Golf tourism, in its own right, has developed into a successful business with numerous tour operators who tailor their offerings to the specific needs of golfers all over the world. Whether as a primary motivation for a holiday or as a secondary activity, golf attracts millions of holiday makers worldwide. **"Tshwane Open – it's more than just golf"** campaign, provided an opportunity to profile our capital city as a golf destination where golf meets lifestyle through experiences like "Golf and Jazz", "Golf and the Big 5", "Golf and History", "Golf and Culture", "Golf and Shopping", and "Golf and Much More". Golf lovers and tourists came and experienced the splendour of Tshwane.

The tournament

The 2013 Tshwane Open set the pace for future tournaments by attracting international professional golfers, injecting revenue into the local economy and achieving over $60 million worth of media exposure for the Tshwane Open and Tshwane. This 72-hole full-field event co-sanctioned by the European Tour and the Sunshine Tour is one of six founding professional golf tours that make up the International Federation of PGA Tours. It was the sixth and last co-sanctioned event on the Sunshine Tour for the summer of 2012/13.

Tournament partners

The inaugural tournament also made inroads in attracting global automotive brands such as BMW, apart from other brands that are synonymous with the capital city, e.g. Cricklewood Manor Boutique Hotel, whose patrons include heads of state; The Pro-Shop (golf merchandise and apparel); Friends of the City; and the Race to Dubai.

The winner

Dawie van der Walt claimed his maiden European Tour victory when he won the inaugural Tshwane Open. South Africa's own captured the biggest title of his career at the Els Club, Copperleaf Golf and Country Estate. The 30-year-old Van der Walt, whose only previous wins had come on the satellite tours in the USA, was thrilled to finally make a breakthrough on home soil. The Executive Mayor of Tshwane, together with the Minister in the Presidency: Performance, Monitoring and Evaluation as well as Administration, Mr. Ohm Collins Chabane, presented the tournament trophy to Dawie at the official

prize-giving ceremony on the course's 18th hole. The two runners-up were also both South Africans: Tshwane resident Darren Fichardt, and Louis de Jager.

Public relations and destination marketing

The city achieved and exceeded on the marketing and PR objectives through extensive marketing campaign which utilized domestic, regional and international platforms including: TV, Radio, Print, Outdoor, digital, trade shows and social platforms. Television received the highest exposure followed by online, print and radio.

The inaugural tournament achieved an extraordinarily high PR value of over R39 million (excluding international), an ROI of 1:3. This is significant, seeing that very few events can draw such a high PR value in their first year. Coverage was predominantly positive and carried significant exposure for Tshwane, including non-golfing angles relating to tourism, job creation and community development.

The global coverage reached over 530 590 households with 38 broadcasters broadcasting the tournament. Considering that this was also the inaugural year for the brand, media exposure carried the founding footprint of the event far and wide, resulting in syndicated international exposure on top of the Sunshine Tour/SuperSport broadcasts and sport coverage.

Economic impact

The following are key results of an economic impact study conducted independently by Grant Thornton:

The total direct, indirect and induced economic impact of the Tshwane Open on the city and South Africa as a whole (including Tshwane) is estimated at R104,1 million and R191,3 million respectively.

The direct spend portion of the impact amounted to R73,6 million in Tshwane and R86,8 million in South Africa. This is predominantly made up of spend by players and VIPs as well as capital and operational expenditure.

The contribution to government coffers via tax amounted to an estimated R8,5 million spend in Tshwane and R10,4 million spend in South Africa.

The total number of temporary jobs created or permanent jobs sustained in Tshwane and South Africa in total was about 256 and 432 respectively.

Annualised incomes derived by employees as a direct, indirect or induced impact of the event amounted to R27,4 million from spend in Tshwane and R35,3 million from spend nationally.

With the overall investment of R44million, the total global exposure amounted to $8 869 808 (approximately R96 million), as reported by the European Tour. The tournament, therefore, had a positive

impact on the city not only in terms of global brand awareness but also positively contributed on the economic development in the city.

Benchmarking determined that, by comparison with soccer or rugby, the Tshwane Open had a substantially positive impact on the local and national economy, considering that golf is not a dominant sport in South Africa such as the other two.

The legacy

Tshwane Open leaves a legacy through golf development in partnership with Nathan Maluleka (Tshwane-based professional golfer). The development programmes concerned could see golf being introduced as a sporting code in local schools. Five schools have been identified for training learners in the basics of golf. The Caddie Foundation will ensure that the Tshwane Open continues to contribute to social development.

The Mabopane Driving Range, owned and managed by the City, will for the first time since its opening see international golfers conduct coaching clinics with children from neighbouring schools.

Figure 48: Executive Mayor tees off at the Inaugural Tshwane Open

A development clinic was held on 27 February 2013 with the aim of contributing to the development of local young golfers.

Figure 49: Golf development clinic

Figure 50: Opening of the Garankuwa Arts and Crafts centre July 2012

Component H: Corporate policy offices and other services

3.20 Human Resource Services, Property Management And Fleet

The Corporate and Shared Services Department is responsible for the overall management of human resources in the City. The Department provides a range of corporate support functions at strategic and operational levels.

Human Resource Management (HRM)

The key objectives of human resource management include the following:

- Human resource provision and maintenance – recruitment, selection, placement, induction, conditions of service, funds and allowances administration, payroll, service termination, technical, budgetary and logistic support; and record management
- Manpower planning – manpower forecasting, succession planning, exit and retention strategies
- Labour relations management – grievances, labour relations training and advisory service, collective bargaining, labour law services, disciplinary procedures
- Employee occupational health, safety and wellness – occupational health and safety policy development and enhancement, compliance management, occupational hygiene, employee wellness and HIV/AIDS operations
- Human resource operational services – HR strategies, policies, process and system implementation, HR relations management.

Tshwane Leadership and Management Academy (TLMA)

- Competency training – leadership, senior management, junior management and operational staff competency training.
- Strategic competence development – training; legislative context services; academy strategy, policies and process development; business partnering and knowledge sharing management, and project portfolio management.
- Stakeholder management – administration management and resources, financial stakeholders and resource management.

Organisational efficiency and improvement (OEI)

- Change management and individual performance management
- Organisational design, job evaluation and compensation
- Employment equity.

Corporate Property and Logistical Services (CPLS)

- Corporate Property Management – office space and parking, lease assets administration and contract management, community facilities and corporate land asset register administration.
- Corporate facilities management – building maintenance, cleaning services.
- Land asset disposal management – land disposal application processing, disposal reports and Supply Chain management processing, strategic land projects, servitudes and ownership formalisation.
- Corporate administration management – archive management, printing services, postal bureau.
- Travel management.

Corporate Fleet Management (CFM)

- Acquisition and disposal management (acquisitions and disposals).
- Fleet maintenance coordination and monitoring (fleet maintenance operations, fleet and admin coordination).

3.20.1 Key performance areas

Table 108: KPAs corporate and Shared Services

KPA	KPI	Five-year programme target (2011-2016)	Achieved 2011/12 (year 1 of 5)	Target 2012/13	Actual 2012/13 (year 2 of 5)
Organisational Development & Transformation	7 (a) iv: Percentage of disciplinary cases finalised within 3 months	100%	30%	47%	72%
Institutional governance	5 (a) xxviii: Compliance to OHS audit (To be reported on by all departments)	100%	Not applicable. On SDBIP since 2012/13	100%	100%
Institutional governance	5 (a) xxviii: Reporting on the reduction in section 24 incidents in each Department/Region in the Financial Year (annual)	0,21%	Not applicable. On SDBIP since 2012/13	0,21%	0,21%

KPA	KPI	Five-year programme target (2011-2016)	Achieved 2011/12 (year 1 of 5)	Target 2012/13	Actual 2012/13 (year 2 of 5)
Human resource management	7 (a) i: Percentage of HR policies reviewed and implemented	100%	Not applicable. On SDBIP since 2012/13	100%	100%
Human resource management	Percentage of remuneration budget spent on implementing the workplace skills plan	1%	1%	1%	1%
Human resource management	Percentage of employees from previously disadvantaged groups appointed in the three highest levels of management per approved EE plan	100% adherence to the approved plan	100%	100%	100%

Table 109: HR Expenditure

Details	2011/2012		2012/13	
	Number. of officials	R Amount spent	Number of officials	R Amount spent
Corporate and Shared Services	1269	R 464 683 481	937	R 338 017 000
Corporate and Shared Services (Remuneration of councillors)		R 716 310		R 759 000
Total operating expenditure as per budget figures available	R 465 399 791		R 338 776 000	

Table 110: Capex: corporate and shared services

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
Corporate & Shared Services	Purchase of Vehicles	9.710869.1.001	30,000,000	12,000,000	12,000,000	11,527,095
Corporate & Shared Services	Ward Based Project: Corporate & Shared Services	9.712669.1.001	-	-	-	- 1,069,472
Corporate & Shared Services	Replacement/Modernization of all the Lifts within various Council Buildings	9.712743.1.001	4,000,000	-	-	-
Corporate & Shared Services	Replacement/Modernization of all the Lifts within various Council Buildings	9.712743.1.015	-	4,000,000	2,600,000	2,429,449
Corporate & Shared Services	Capital Funded from Operating	9.712753.1.007	1,500,000	1,500,000	1,500,000	819,857

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
Corporate & Shared Services	Silverlakes Offices - Completion of Shere Building	9.712901.1.001	3,800,000	-	-	-
Corporate & Shared Services	Silverlakes Offices - Completion of Shere Building	9.712901.1.015	-	3,800,000	5,200,000	3,893,013

3.21 COMMUNICATION MARKETING AND EVENTS

Communications, Marketing and Events (CME) is a newly established Department which became fully operational in July 2012/13. Previously, this was a division known as Tshwane Communication Information Services (ICMIS) in the Office of the City Manager. The CME Strategy was approved in March 2012.

During the 2012/2013 reporting period, CME was expected to achieve four communication and marketing campaigns to enhance the city's image. The department exceeded the said targets. The following may be highlighted as campaigns achieved within the reporting period:

- Tshwane Open
- Tshwane Rapid Transport
- Smart metre campaign
- Tshwane 2055
- Gauteng Motor Show
- Security of revenue
- Tourism indaba
- Anti-fraud campaign
- State of the City Address

The department delivered key critical marketing activities that aimed at building the new brand as well as positioning the City as the African City of excellence, communicating the city services, and key developments as well as showcasing the City as a preferred leisure tourism destination. These included:-

- Environment month
- Brand research
- Tech Ed
- Tuks Rag
- Service Excellence Awards

Communication, Marketing and Events department is entrusted with the responsibility of profiling the City of Tshwane. In pursuit of realising the objective, a number of positive articles were generated for the following, and positive feedback was received:

- Bus service
- Environment Month
- ZCC visit
- Tshwane bond
- Gauteng motorsport
- Service Interruptions
- City Finances

In addition the department rendered 132 interpreting sessions for council meetings, disciplinary hearings and IDP Consultation meetings and edited and translated 10 173 pages of documents for the City. CME produced a term list on Community Terms in 5 of the official languages of the city as a mechanism to develop the said languages and revised the Language Policy to accommodate eight (instead of six) official languages. The latter was approved on 27 September 2012, following a process of public consultations.

Table 111: Capex CME

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
Communications, Marketing and Events	Capital Funded from Operating	9.712928.1.007	1,500,000	1,500,000	1,500,000	1,171,191

3.22 Office of the Speaker

The Office of the Speaker is an important policy office, together with that of the Office of the Executive Mayor. Of the many important functions performed by the Office of the Speaker, the following two are to be highlighted:

- The support to Council and committees of Council; and
- The mandate to lead public participation and consultation processes.

3.22.1 Council

The Council in accordance with Legislation met monthly. Twelve(12) Ordinary Council Meetings were held in 2012/13 with three special council meetings namely for the-.

- State of the City Address;
- IDP; and

- Budget.

As indicated in Chapter 2 of this report, the Council consists of 210 Councillors, of whom 105 are Ward Councillors and 105 Proportional Representative (PR) Councillors. The Members of the Mayoral Committee (MMCs) also form part of the Council.

The Office of the Speaker plays a key role in organizing the sittings of Council on a monthly basis. The support services provided to ensure successful Council meetings include the following:

- Venue preparation (bookings, mic system, lighting, cleaning);
- Arranging interpretation services with the Language Bureau;
- Inviting other departments (Emergency Services, Metro Police, IT etc.);
- Preparing and ensuring distribution of Notices, Agendas, Index and Minutes; and
- Preparation of refreshments.

3.22.2 Oversight Committees

The new model of Section 79 Committees is functional and the committees meet almost twice a month. The Committees are composed of all political parties to make up 20 member committees as follows –

- ANC 11;
- DA 8; and
- Other 1

The meetings are chaired by the full-time chairpersons. Support is provided by the Office of the Speaker with in terms of; offices, senior secretaries, senior administration officers and researchers per committee for effective functioning.

3.22.3 Ward Committees

Ward Committees were formed in all 105 Wards. About 96% (101 out of 105) met consistently on monthly basis to address service delivery issues affecting the communities within their wards. Only four Wards experienced challenges in meeting. These have been recommended for disbandment.

The Office of the Speaker plays a critical role in training all Ward Committees in identified core skills as part of the drive to capacitate ward committees for improved participation, and to play a meaningful role as a bridge between the Council and the Community.

Training took place at least once per quarter and the details of performance may be found in Component I of this report.

The City of Tshwane presented an overall process plan for the 2012/14 Integrated Development Plan during the Ward Committee Conference on 2 March 2013. The conference theme was " Deepening participatory democracy and accountability through the ward committee system".

Three commissions were set up to discuss the following issues-

- Strengthening of the ward committee system;
- The role of the ward committees in assisting the City of Tshwane to resolve petitions and memorandums; and
- The role of ward committees in public consultation, community mobilisation and civic education.

Figure 51: Ward committee conference

3.22.4 PUBLIC PARTICIPATION

The Office of the Speaker mobilises the community to ensure effective public participation. In the reporting period a number of processes were facilitated by the Office of the Speaker to facilitate consultation. Consultation was facilitated among others in the following areas-

- Consultation on by-laws;
- IDP and MTREF public participation;

- Consultation on Smart Meters; and
- Consultation on the Pretoria/Tshwane name change.

3.22.5 PETITIONS RAISED BY THE COMMUNITY

The Office of the Speaker facilitates responses to petitions raised by the community. It takes an average of 30 days to address petitions raised. The proper functioning of Oversight committees has seen enables resolution of petitions and is a good indication that the governance system to resolve community issues is working.

3.22.6 SUPPORT FOR TRADITIONAL LEADERS

The Office of the Speaker provides support to recognized Traditional Leaders. The City of Tshwane has two recognised traditional leaders -

- Inkosi MP Mahlangu- Amandebele Nzunza Sokhulumi; and
- Inkosi Kekana- Amandebele A Lebelo.

The two traditional leaders attend Council meetings on a monthly basis.

In the reporting period, the Office of the Speaker supported traditional leaders in their traditional programmes in the form of logistics support; i.e. marquees, catering, toilets, water, security patrols and emergency support.

3.22.7 SPECIAL PROGRAMMES OF THE SPEAKER

The Office of the Speaker has implemented special programmes that seek to enhance public participation and an active citizenry. The following are some of the programmes implemented in this regard-

- The Inter-faith forum
- Take a girl child to work
- 67 minutes of Mandela Day

3.22.8 CAPEX OFFICE OF THE SPEAKER

Table 112: Capex office of the speaker

Department	Project Name	WBS Level 3	Original Budget 2012/13	Adjusted Budget 2012/13	Current Budget 2012/13	Cumulative Actual
Office of the Speaker	Capital Funded from Operating	9.712772.1.007	1,500,000	1,500,000	1,500,000	1,225,002

Component I: Organisational Performance Scorecard

This section focuses on the performance of the City against the IDP targets, and the entities against their business plans, and forms the annual performance report of the City and entities that was audited by the Auditor General. IDP targets are contained in the City Scorecard in Chapter 5 of the first revised IDP. The outcome targets in the IDP are achieved and/or influenced by output targets in the SDBIP. The City of Tshwane adjusted its SDBIP and certain indicators on the City Scorecard during the budget adjustment process.

3.23 Performance on IDP outcomes 2012/2013

The Council approved a capital budget of R4,353 billion for the 2012/2013 Financial Year. The following departments received the largest portion of the capital budget: Services Infrastructure, Transport and Housing and Human Settlements. These were allocated to 233 capital projects. The budget was adjusted to R4,6 billion and 238 projects during the adjustment budget phase.

3.23.1 The Strategic objectives of the City

3.23.1.1 Provide basic services, roads and storm water

The purpose of this strategic objective as approved in the IDP 2011–2016 (April 2011) is to achieve the following over a five-year period:

- Address backlogs in basic services: water, sanitation, electricity and solid waste removal
- Upgrade the provision of basic services to meet Council-approved standards
- Provide roads to formalise informal areas

The City successfully achieved its planned targets in the following areas:

- Waste management services to formal and informal areas
- Electricity connections, both application driven and backlog eradication
- Water connections to both formal and informal areas, especially to address backlogs
- Sanitation connections to address backlogs in informal areas
- Roads and storm water systems
- High masts, pre-paid meters and streetlights

A total of seven informal settlements were formalised. While this was a partial achievement of the planned target, corrective measures put in place are geared to improve formalisation in the 2013/2014 Financial Year.

3.23.1.2 ECONOMIC GROWTH AND DEVELOPMENT AND JOB CREATION

The purpose of this strategic objective is to increase investment in the City and to create jobs. Key outputs envisaged to be delivered over a five-year period include the following:

- Public transport system and facilities
- Alternate energy products
- Jobs
- Training
- Green economy by-laws
- Investment in Tshwane
- Partnerships that increase investment and create jobs
- Networking and business support to small businesses and entrepreneurs

The City created 23 397 jobs in 2011/12, predominantly through the implementation of the Expanded Public Works Programme (EPWP). During the 2012/2013 Financial Year the City created 21 891 jobs, of which 20 386 were created through the EPWP programme. Of note is the R2 billion worth of private sector investment in the City, against a target of R1 billion.

3.23.1.3 SUSTAINABLE COMMUNITIES WITH CLEAN, HEALTHY AND SAFE ENVIRONMENTS

The key focus areas of this strategic objective relate to providing social services and infrastructure. Key outputs to be provided over a five-year period include the following:

- Clinics
- Health programmes
- Disaster, ambulance, fire and emergency services
- Sport and recreation facilities and programmes
- Parks
- Policing and by-law enforcement
- Indigent support
- Early childhood development

The City successfully achieved its targets in the following areas:

- Registration of indigent households
- Provision of free basic services to households on the indigent register
- Reducing fire, rescue and specialised humanitarian incidents through pro-active interventions
- Addressing medical emergency incidents and incidents that could lead to disasters
- Child immunisation coverage for children under 1 year
- Implementing the prevention of mother-to-child transmission programme
- Regional multidisciplinary by law policing
- Crime prevention actions
- Road policing actions
- Prosecution of perpetrators at the municipal courts
- Development of new library facilities
- Development of new parks
- Development of new sports facilities

The target of a 50% increase in policing activities could not be realised because of –

- budget constraints; and
- dependence on external parties.

Nevertheless, the department reflected an increase of 18,23% in policing activities compared to 2011/2012 Financial Year. The targets for the 2013/2014 Financial Year have been aligned with available resources.

3.23.1.4 Participatory democracy and Batho Pele

Over a five-year period, the purpose of this objective is to promote active participation by communities in the affairs of local government, and to foster good relations with stakeholders.

Key outputs include –

- functioning and effective ward committees; and
- quality customer services.

The City successfully achieved its planned targets in the following areas:

- Memorandums of understanding (MOUs) that were signed with knowledge institutions.
- Ward committees were trained and planned meetings held.
- 97% of petitions were resolved.
- 60% of issues emerging from Izimbizo were resolved.
- All call centre service standards were adhered to.
- All customer interaction point service standards were adhered to.

3.23.1.5 Promote Sound Governance

The main intention of this strategic objective is to ensure that the City achieves a clean audit outcome[15] and a clean administration, free from corruption. The City has addressed all the recommendations made by the Auditor-General in his report for the 2011/2012 Financial Year. 'Operation Clean Audit' committees were established in order to regularly monitor progress on the AG recommendations, and to work towards a clean audit. The achievement of the IDP target will be reported once the Auditor-General completes the audit of the financial statements and predetermined objectives.

3.23.1.6 Financial Sustainability

The purpose of this objective is to ensure that the City of Tshwane is financially sustainable. Initiatives that are planned for the City over the five-year IDP period include the following:

- A security of revenue project
- Improvement of supply chain processes
- Strengthening of the long-term financial model
- Implementation of cost-saving measures
- Restructuring of the City's loans
- Implementation of alternative funding mechanisms

The City partially achieved the three regulated financial ratios[16]; namely cost coverage, debt coverage and service debtors to revenue. The targets and achievements are as follows-

- Cost coverage achieved 0,93 (parent) against a target of 1,3
- Debt coverage achieved 31,88 (parent) against a target of 52,1
- Service debtors to revenue achieved 21,53(parent) against a target of 27,4.

3.23.1.7 Organisational development and transformation

The purpose of this strategic objective is to ensure that the City of Tshwane develops enough capable people, through whom the City can achieve its development, service delivery and governance goals. Important outputs include the following:

- Employee training, skills and competency development
- Culture change initiatives
- Employee productivity and discipline

[15] Refer to the glossary for the AGSA definition of a clean audit outcome.
[16] As per the Municipal Systems Act

- Employee satisfaction surveys
- Policies, procedures and frameworks related to human resources
- Approved organisational structures and the placement of employees therein.

An employee satisfaction survey was conducted during the 2012/2013 Financial Year.

The new organisational structure and its micro-structures were approved. Employee migration and placement processes started during the 2011/2012 Financial Year were continued, together with the roll-out of regionalisation.

3.23.2 THE PERFORMANCE SCORECARD FOR CITY OF TSHWANE

The table below provides definitions of each IDP indicator, shows which SDBIP indicators influenced the achievement of the IDP targets, and provides a basis for the calculation of the IDP indicators.

Table 113: Relationship between IDP and SDBIP indicators

Strategic objective	Outcome indicators contained in the IDP	IDP Outcome Indicator definition	How the IDP outcome is calculated	SDBIP output indicators that drive the achievement of the IDP targets
Provide basic services, roads and storm water drainage.	1(a) Percentage of households with access to intermediate levels of solid waste removal	The provision of plastic bags to informal households. This is measured as the average number of households that received plastic bags. The reason for this is that the number of informal households fluctuates during the year.	Average SDBIP achievement on plastic bags/total informal households	No. of households in informal areas who received plastic bags
	1(b) percentage of (formal) households with access to kerbside waste removal	Formal/proclaimed areas receive weekly kerbside waste removal. Some areas receive 240 ℓ bins and other areas 85 ℓ bins. The year result is the Quarter 4 result, as this is a progressive measure.	SDBIP Achievement for 85 ℓ bins + SDBIP achievement of 240 ℓ bins/total formal households	Number of households receiving weekly kerbside waste removal services (240 ℓ bins)
				Number of households receiving weekly kerbside waste removal services (85 ℓ bins)

Strategic objective	Outcome indicators contained in the IDP	IDP Outcome Indicator definition	How the IDP outcome is calculated	SDBIP output indicators that drive the achievement of the IDP targets
	1(c) Percentage of informal settlements formalised	Formalisation of informal settlements involves the provision of formal services to in-situ or moving households to serviced stands. The process of formalisation prepares a settlement for proclamation, but excludes the actual proclamation result due to dependencies on other stakeholders. Proclamation is measured separately.	SDBIP achievement on nr of informal settlements formalised/total number of informal settlements	Number of informal settlements formalised
	1(d) % of households with access to basic electricity (NKPI)	This indicator measures electricity connections to address backlogs, through the Electricity for All Programme.	SDBIP achievement on backlogs (EFA connections) + baseline Total connections up to the end of 2011/12)/total households in city	Number of electricity connections provided in formalised areas
Provide basic services, roads and storm water drainage.	1(e) percentage of households have access to metered stand water connection (formalised areas)	At the beginning of 2011/2012 there was a backlog of 12111 households that required to be provided with a metered stand connection in formal areas. This was a backlog for the upgrade of water services from basic to full services, as well as to address sub-division that was taking place. Hence this indicator measures the connections provided against this backlog.	SDBIP achievement on backlogs + achievement of 2011/12/12111 backlog (water and sanitation dept.)[17]	Number of full service metered connections installed (backlogs[18])
	1 (f) Percentage of households with water connections (informal areas)	This indicator measures the year on year cumulative effect of addressing the backlog in informal areas, through the provision of water connections by the housing department through the formalisation process.	SDBIP water connections done by housing department + achievement of Financial Year 2011-12/Total informal households.	Number of water connections provided to stands
	1(g) percentage of households that have waterborne	This indicator measures the year on year cumulative effect of addressing the backlog of	(SDBIP achievement of provision of sanitation connections by water and sanitation + nr. of	Number of households connected to full waterborne sanitation in informal areas

[17] As at beginning of 11/12

[18] It must be noted that the backlog is defined as areas requiring to be upgraded in terms of the new service standards of the City.

Strategic objective	Outcome indicators contained in the IDP	IDP Outcome Indicator definition	How the IDP outcome is calculated	SDBIP output indicators that drive the achievement of the IDP targets
	sanitation by 2016	sanitation connections. It is made up of two components: the formal areas where sanitation connections are being upgraded from basic to full services, and the informal areas that are provided with full waterborne sanitation through the formalisation process to address backlogs.	sanitation connections by Housing)/196162 backlog households for waterborne sanitation.	Number of households connected to full waterborne sanitation in old township areas
	1(h) percentage of required roads provided	This indicator measures the rate at which the backlog of roads is eradicated. It therefore measures cumulatively the rate of delivery for the five year IDP period.	(The km of roads provided in 2012/13 + the total of roads delivered cumulatively as at the end of 2011/12) divided by the 2176 km backlog that existed at the beginning of the IDP period.	Total km of roads provided to address the backlog
Provide basic services, roads and storm water drainage.	1(i) Percentage of required municipal storm water drainage network required	This indicator measures the rate at which the backlog of storm water drainage is eradicated. It therefore measures cumulatively the rate of delivery for the five- year IDP period.	(The km of storm water drainage provided in 2012/13 + the total of storm water drainage delivered cumulatively as at the end of 2011/12) divided by the 1303km backlog that existed at the beginning of the IDP period.	Length in km of storm water drainage systems provided that meet the service standards
Economic growth and development, and job creation	(2a) Number. of new income earning opportunities provided	This indicator measures the number of job opportunities created.	Number of jobs through EPWP + number of jobs in the economy	Number of jobs created through EPWP initiatives
				Number of jobs created in the economy as a result of investments in Tshwane
Sustainable communities with clean, healthy and safe environments and integrated social services.	3 (a) percentage reduction of indigent households	This indicator measures the relationship between the numbers of households that were removed from the indigent register to the total households in the city.	Number. of indigent removed /total number of households in city x 100	Number of qualifying indigent households registered
				Number of households removed
	3(b) Percentage (indigent) households with access to free basic services	All households on the indigent register have access to free basic services.	Number of registered indigent with free basic services/total indigent households on register.	Number of registered indigents that have access to free basic services

Strategic objective	Outcome indicators contained in the IDP	IDP Outcome Indicator definition	How the IDP outcome is calculated	SDBIP output indicators that drive the achievement of the IDP targets
	3 (c) Percentage reduction in safety incidents (fire, rescue, specialised humanitarian and disaster incidents)	The 2008/09 Financial Year has been used as a benchmark by the department. Due to the incidents in 2008/09 being high, the department compares its incident rates with those in 2008/09.	(fire incidents + rescue incidents + specialised humanitarian incidents of 2012/13) - (fire incidents + rescue incidents +specialised humanitarian incidents of 2008/9) x 100	Number of fire incidents in the City of Tshwane
				Number of rescue incidents in the City of Tshwane
				Number of specialised and humanitarian services
	3 (d) Percentage achievement of the child health index	The child health measures a range of key indicators affecting children's health. The basis for this outcome is that healthy children are a good indicator of a healthy society. The indicator is an index that measures the average achievement of all the individual indicators against their targets.	(Percentage achievement of immunisation coverage against target + percentage achievement of polymerase chain reaction against target + percentage achievement of PMTCT against target + percentage achievement of HIV testing against target)÷4	Percentage achievement immunisation coverage for children under one year
				Percentage of baby polymerase chain reaction (PCR) tested positive around 6 to 18 weeks
				Percentage of PHC fixed clinics implementing PMTCT programme
				Percentage of pregnant women testing for HIV
Sustainable communities with clean, healthy and safe environments and integrated social services.	3(e) Increase in policing and by-law interventions to root out crime and related incidents	This indicator measures a year on year increase in policing and by-law interventions to root out crime and related incidents.	Interventions executed in 2012/2013 or interventions executed in 2011/12 (%)	Number of regional multi-disciplinary by-law policing operations, executed to contribute to a reduction in by-law transgressions.
				Number of crime prevention interventions executed to contribute to the decrease in crime throughout Tshwane (inclusive of 105 wards)
				Number of road policing interventions executed in order to comply with the road safety plan (Road policing)
	3(g)Percentage reduction in backlog of recreational facilities and amenities	This indicator measures the rate at which the backlog of sports and recreational facilities is reduced by the delivery of new facilities.	(total of library + sport facilities delivered + total delivered in 2011/12 ÷ the backlog as per the IDP) x 100	3(g)i Number of library facilities development/provided
				3(g)iii Number of sports facilities provided
4. Participatory democracy and Batho Pele	4(a) Percentage of approved norms and	The customer care environment focuses on addressing customer issues	Average of call centre and customer	Percentage of approved call centre service standards adhered to

Strategic objective	Outcome indicators contained in the IDP	IDP Outcome Indicator definition	How the IDP outcome is calculated	SDBIP output indicators that drive the achievement of the IDP targets
	standards adhered to	both through call centres and customer walk-in centres. Each of these areas has norms and standards that should be achieved.	interaction achievements	Percentage of approved customer interaction point (excl. call centres) service standards adhered to
	4 (b) Percentage of functional ward committees index	This indicator measures the functionality of ward committees on the basis of whether they fulfil-,or whether they have the skills to perform their functions and whether they have the administrative resources required.	(% ward committee meetings held + % admin resources provided) + % of ward committees trained of total ward committees)/3	Percentage of planned ward committee meetings held
				Percentage of administrative resources required by ward committees provided
				Number of ward committees trained on identified core skills areas
5. promote sound governance	5 (a) AG opinion	This indicator measures the opinion of the AG as expressed in the AG report.	(Number of AG recommendations implemented ÷ number of AG recommendations as per official AG reports) %	Percentage of AG matters, and recommendations implemented
6. Ensure financial sustainability	6 (a) % financial targets met (regulated)	This indicator measures whether the three regulated indicators as per the MSA are achieved or not. Average achievement on the indicators shows the rate to which the ratios were met:	Number r of regulated ratios achieved ÷ total (%)	Percentage cost coverage
				Percentage of debt coverage
				Percentage of service debtors to revenue
7. Organisational development and transformation	7 (a) % employee satisfaction rating	This indicator measures the rate to which employees are satisfied with conditions at the City of Tshwane. Its purpose is to put in place intervention measures to improve performance. The SDBIP indicators listed here do not directly drive the achievement of the IDP outcome, but have an indirect effect. They are reported here because they are NKPIs	The result is that of the independent survey conducted by the BMR at UNISA	Percentage of remuneration budget spent on implementing the workplace skills plan (NKPI)
				Percentage of employees from previously disadvantaged groups appointed in the three highest levels of management as per the approved EE plan (NKPI)

The table below summarises performance on the IDP outcome targets and the SDBIP output targets for City of Tshwane that influence the IDP outcomes. Corrective measures for partially achieved targets follow the scorecard report.

Strategic Objective	IDP					SDBIP				
	Nr of targets	Nr of targets achieved	Nr of targets not achieved	Nr of targets partially achieved	Nr of targets over-achieved	Nr of targets influencing the IDP	Nr of targets achieved	Nr of targets not achieved	Nr of targets partially achieved	Nr of targets overachieved
1	9	NA	1 (refer to note1 below)	2	6	12	NA	1	2	9
2	1	NA	NA	NA	1	2	NA	NA	NA	2
3	6	1	NA	1	4	15	6	NA	3	6
4	2	1	NA	NA	1	5	3	NA	NA	2
5	1	1	NA	NA	NA	1	1	NA	NA	NA
6	1	NA	NA	1	NA	3	1	NA	2	NA
7	1	1	NA	NA	NA	2	2	NA	NA	NA
TOTAL	21	4	1	4	12	40	13	1	7	19

Note1

- Although the waterborne sanitation target was not realised, it must be noted that substantial work was done towards provision of sanitation services.
- Stinkwater (project number 710878L). The project was divided into two phases (outfall sewer and internal sewer collectors).
- The outfall sewer is on the critical path of the project and the delivery of household connections is dependent on the completion of the outfall sewer.
- Physical construction began in January 2013 and by the end of June, 4 767 m of pipeline for the outfall sewer had been laid, 440 toilet structures had been completed, and 774 house connections had been completed.
- Actual completion of the outfall sewer was achieved in September 2013, a few months after the Financial Year ending in June, due to extreme rock conditions that were encountered during construction.

- The 774 connections will be reported in the 2013/14 Financial Year progress reports.

- Stinkwater A (project 710878M): This project is implemented in region 2 ward 14. The pump station was completed and operational by September 2013, a few months outside of the Financial Year. By June 2013, 23 330 sewer network pipes had been installed.
- The contractor laid the pipes and simultaneously built the toilet structures.
- The house connection was also done to the toilets, but without the elbow bend, so that the toilets would not be used before the pipes and the pump station had been tested.
- Since July 2013, 601 of these toilets have been connected and tested.
- Winterveld: The Mayoral Committee decided in 2010 that free urine diversion system (UDS) toilets should be provided as an interim service to households awaiting full services (waterborne sanitation). A total of 1 700 of these were provided.

Table 114: Performance on the City Scorecard and contributing SDBIP indicators for City of Tshwane

KPA	IDP scorecard					SDBIP output indicators that influence the outcomes of the IDP				
	Five-year targets	Audited results 2011/12	Annual target[19] 2012/13	Annual results 2012/13	Status 2012/13	KPI as per adjusted SDBIP 2013	Audited results 2011/12	Annual target[20] 2012/13	Annual result 2012/13	Status 2012/13
Solid waste removal	1(a) 100% of households in informal settlements receive plastic bag waste removal services (intermediate)	80,5%	97,58% of households in informal areas have access to intermediate levels of solid waste removal (141 542 h/h)	90,5%	Partially achieved	1(a)i Number of households in informal settlement receiving plastic bags	80 132	141 542	131 237 [21]	Partially-achieved

[19] Some targets were adjusted during the adjusted budget- and adjusted SDBIP-process
[20] Some targets were adjusted during the adjusted SDBIP- and Adjusted budget process
[21] This is an average measure, and it must be noted that the annual target had been realised monthly since March 2013. The annual target was affected by the non-availability of plastic bags during July and August 2012. By June 2013, 5 937 432 plastic bags in total had been distributed to households. In June, 157 390 households received plastic bags.

KPA	IDP scorecard					SDBIP output indicators that influence the outcomes of the IDP				
	Five-year targets	Audited results 2011/12	Annual target[19] 2012/13	Annual results 2012/13	Status 2012/13	KPI as per adjusted SDBIP 2013	Audited results 2011/12	Annual target[20] 2012/13	Annual result 2012/13	Status 2012/13
Solid waste removal	1(b) 100% of Tshwane (formal) households have access to kerb side waste removal by 2016	100%	100% of formal households have access to kerbside waste removal	146,93%	Over-achieved	1(b)i Number of households receiving weekly kerbside waste removal services (240 ℓ refuse bins)	558 315	541 612	561 948 [22]	Over-achieved
						1(b)ii Number of households receiving weekly kerb side waste removal services (85 ℓ refuse bins)	220 881	150 000	221 037 [23]	Over-achieved
Formalisation of informal settlements	1 (c) 100% of current informal settlements are formalised by end FY 2015/16	1,7%	9,5% of 158 informal settlements formalised (15 formalised)	4,43%	Partially achieved	1(c) i Number of informal settlements formalised	1	15	7	Partially achieved
Electricity	1(d) 100% of households have access to basic electricity by end FY 2015/16	75,5%	12 500 connections (84,08% of 686 659 households)	84,44%	Over-achieved	1(d) iv Number of electricity connections provided in formalised areas (application driven)	18 268	3 420	6 106	Over-achieved
						1(d)v Percentage completed and occupied houses electrified to		12 500	14 915	Over-achieved

[22] This is not an average measure– it reflects the performance for the month of June 2013. The average measure is 560 662.
[23] This is not an average measure– it reflects the performance for the month of June 2013.

KPA	IDP scorecard					SDBIP output indicators that influence the outcomes of the IDP				
	Five-year targets	Audited results 2011/12	Annual target[19] 2012/13	Annual results 2012/13	Status 2012/13	KPI as per adjusted SDBIP 2013	Audited results 2011/12	Annual target[20] 2012/13	Annual result 2012/13	Status 2012/13
						eradicate backlogs (EFA)				
Potable water	1(e) 100% of households have access to metered stand water connection (formalised areas)	79,5%	34,3% of backlog of 12 111 (4153 connections)	35,78%	Over-achieved	1(e) iii Number of full service metered connections installed (backlogs)	3 973	180	325	Over-achieved
Potable water	1(f) 100% (198 273) households in informal areas have access to water through formalisation	0	(8 000 connections) 5,5% of 145 047 informal households	6,79%	Over-achieved	1(f)i Number of water connections provided to stands (informal areas)	0	8 000	9 845	Over-achieved
Waterborne Sanitation	1(g) 100% households (251,727) have waterborne sanitation by 2016	2,35%	5,5% of 196 162 backlog households	5,0% of 196 162 households have access to waterborn e sanitation	Partially achieved	1(g)ii Number of households connected to full waterborne sanitation in informal areas	0	8 000	9 845	Over-achieved
						1(g)i Nr of h/h connected to full waterborne sanitation in old township areas	2 339	2 787	0[24]	Not achieved

[24] As indicated in note 1, although the target was not completed by June 2013, substantial progress has been made towards the provision of sanitation services, specifically waterborne sanitation.

KPA	IDP scorecard					SDBIP output indicators that influence the outcomes of the IDP				
	Five-year targets	Audited results 2011/12	Annual target[19] 2012/13	Annual results 2012/13	Status 2012/13	KPI as per adjusted SDBIP 2013	Audited results 2011/12	Annual target[20] 2012/13	Annual result 2012/13	Status 2012/13
Roads	1(h) 30,8% of required roads provided- (671,45 km of road in total)	20,9%	23,8% ((467,26 km + 50,88 km))	24,33%	Over-achieved	1(h)i Total km of roads provided to address the backlog	33 km	52,88	62	Over-achieved
Storm water	1 (i) 42,6% of required municipal storm water drainage network provided ((+ 214,6km)	33,69%	37,75% of 1 303 km required.	39,13%	Over-achieved	1(i)i Length in km of storm water drainage systems provided that meet the service standards	57 km	40	71	Over-achieved
Job creation	2 (a) 375 000 income-earning opportunities created by 2016	23 397	21 500 (20 000 EPWP and 1 500 through investments)	21 891	Over achieved	2(a)i Number of job opportunities created through EPWP initiatives	19 001	20 000	20 386	Over-achieved
						2(a)ii Number of jobs created in the economy as a result of investments in Tshwane	2 658	1 500	1 505	Over-achieved
Indigent support	3(a) 4,8% reduction of total indigent households in Tshwane (ie 4 600 households out of 96,301)	11,9% of 748 179 households are indigent	0,3% reduction in total poor households in the City	0,38%	Over-achieved	3(a)i Number of qualifying indigent households registered	89 666	12 000	12 284	Over-achieved
						3(a)ii Number of registered indigent	0	2 000	2 078	Over-achieved

KPA	IDP scorecard					SDBIP output indicators that influence the outcomes of the IDP				
	Five-year targets	Audited results 2011/12	Annual target[19] 2012/13	Annual results 2012/13	Status 2012/13	KPI as per adjusted SDBIP 2013	Audited results 2011/12	Annual target[20] 2012/13	Annual result 2012/13	Status 2012/13
						households deregistered				
Indigent support	3 (b) 100% of indigent registered on the indigent register receive free basic services	100%	100% of the registered indigent receive free basic services	100,00%	Achieved	3(b)i Number of registered indigents that have access to free basic services	89 666	12 000	10 454	Partially achieved
Safety	3(c) Average 60% decrease in safety incidents from 2008/09 incidents.	Average increase of 39%	Average 28% decrease: Fire: (10% increase) less than 5 400; (62% decrease) less than 3 200; (32,8% decrease) less than 720	Average 42% reduction[25]	Over-achieved	3 (c)i Number. of fire incidents in Tshwane	4 866	< 5400	3859	Achieved
						3(c) ii Number. of rescue incidents in Tshwane	6 530	< 3 200	3993	Partially Achieved
						3(c)iii Number of specialised humanitarian incidents in Tshwane	2 456	< 720	469	Achieved
Safety	3 (e) Reduction of crime and by-law transgressions by 50%	Not reported on	50% increase in policing and by-law interventions executed to root out crime and related incidents	14,10%	Partially achieved	3(e)ii Number of Regional multi-disciplinary By-Law Policing Operations executed to reduce by-Law Transgressions	602	450	537	Over-achieved

[25] Fire (in 08/09 there were 4 908 incidents – a reduction of 21,3%), rescue (in 08/09 there were 8 382 incidents – a reduction of 52,36%), specialised humanitarian (in 08/09 there were 1 073 incidents – a reduction of 56,3%).

KPA	IDP scorecard					SDBIP output indicators that influence the outcomes of the IDP				
	Five-year targets	Audited results 2011/12	Annual target[19] 2012/13	Annual results 2012/13	Status 2012/13	KPI as per adjusted SDBIP 2013	Audited results 2011/12	Annual target[20] 2012/13	Annual result 2012/13	Status 2012/13
						3(e)iii Number of crime prevention interventions executed to contribute to the decrease in crime throughout Tshwane (inclusive of 105 wards)	1 217	1 394	1 589	Over - achieved
						3(e)iv Number of road policing interventions executed in order to comply with the road safety plan	671	709	818	Over-achieved
Health	3(d) 87% achievement of child health index	101,3%	84% achievement of the child health index	100,25%	Over-achieved	3(d)i % achievement immunisation coverage for children under one year	100%	85%	95,00%	Over-achieved
						3(d)ii % baby polymerase chain reaction (PCR) tested positive around 6 to 18 weeks.	Not reported in the same way	< 10,00%	3,00%	Achieved
						3(d)iii % PHC fixed clinics implementing	100%	100%	100,00%	Achieved

KPA	IDP scorecard					SDBIP output indicators that influence the outcomes of the IDP				
	Five-year targets	Audited results 2011/12	Annual target[19] 2012/13	Annual results 2012/13	Status 2012/13	KPI as per adjusted SDBIP 2013	Audited results 2011/12	Annual target[20] 2012/13	Annual result 2012/13	Status 2012/13
						PMTCT programme				
						3(d)v % pregnant women testing for HIV	84,9%	100%	91.00%	Partially achieved
Sport and recreation	3(g) 38,5% reduction in backlog: of recreational facilities and amenities (15 out of total 39 facilities)	Not reported on	2,5% backlog reduction	7,7%	Over-achieved	3(g)i Number of new Library facilities developed/provided	NA	2	2	Achieved
						3(g)iii Number of new sport facilities developed/provided	NA	1	1	Achieved
Customer care	4(a) 100% adherence to all norms and standards	66%	100% adherence to all norms and standards	111%	Over-achieved	4(a)ii Percentage of approved call centre service standards adhered to	NA	100%	110,00%	Over-achieved
						4(a)iii % approved customer interaction point (excl. call centres) service standards adhered to	NA	100%	111,00%	Over-achieved
Ward committees	4(b) 100% of ward committees are effective and functioning	Average of 99%	80% of ward committees are effective and functioning	100% of wards are effective and	Achieved	4(b)i percentage of planned ward committee meetings held	99%	100%	100.00%	Achieved

KPA	IDP scorecard					SDBIP output indicators that influence the outcomes of the IDP				
	Five-year targets	Audited results 2011/12	Annual target[19] 2012/13	Annual results 2012/13	Status 2012/13	KPI as per adjusted SDBIP 2013	Audited results 2011/12	Annual target[20] 2012/13	Annual result 2012/13	Status 2012/13
				functioning.[26]		4(b)ii % administrative resources required by ward committees provided	0	100%	100.00%	Achieved
						4(b)iii Number of ward committees trained on identified core skills areas	0	7	7 regions 105 wards	Achieved
Institutional governance	5(a) Annual clean audit opinion of the Auditor-General	unqualified audit	unqualified audit	unqualified audit	Achieved	5(a)i Percentage of AG matters and recommendation s implemented	NA	100%	100%	Achieved
Financial management	6(a) 100% of financial targets achieved	100%	100% of financial targets achieved	72% average performan ce 0 targets fully achieved	Partial achievement.	6(a) iii Percentage cost coverage	0,96[27]	1,3	0,93 (parent) 1.00 (group)	Partially achieved
						6(a)iv Percentage debt coverage	46,97[28]	52,1	31,88 (parent) 31,87 (group)	Partially achieved

[26] The index was achieved at 566%

[2727] Restated parent municipality results as per the Annual Financial Statements (AFS) 2013

[28] Restated parent municipality results as per the AFS 2013

KPA	IDP scorecard					SDBIP output indicators that influence the outcomes of the IDP				
	Five-year targets	Audited results 2011/12	Annual target[19] 2012/13	Annual results 2012/13	Status 2012/13	KPI as per adjusted SDBIP 2013	Audited results 2011/12	Annual target[20] 2012/13	Annual result 2012/13	Status 2012/13
						6(a)v Percentage service debtors to revenue	34,21	27,4%	21,53 [29](parent) 21,74 (group)	Achieved
Human resource management	7(a) 83% employee satisfaction rating	Not measured because the survey is not yet done.	80% employee satisfaction rating	80%	Achieved	7(a)I Percentage of remuneration spent on implementing the workplace skills plan	1%	1.00%	1%	Achieved
						7(a)ii Percentage of employees from previously disadvantaged groups appointed in the three highest levels of management as per the approved EE plan	100%	100% adherence to approved EE plan	100%	Achieved

[29] This indicator was updated after the amendments to the AFS were signed off by the AG, on 17 December 2013. This was after the AG report, and therefore is not counted as 1 of the SDBIP targets achieved in the AG report. The AG report indicates 31 achieved targets out of 40. This achievement takes the SDBIP achievement to 32 out of 40.

3.22.2.1 ADDRESSING PARTIALLY ACHIEVED TARGETS FOR CITY OF TSHWANE

Corrective measures addressing partially achieved targets on the SDBIP and IDP for City of Tshwane are provided below.

Table 115: Addressing the City's partially achieved targets on the IDP

Corrective measures for partially achieved IDP targets				
KPA	**Target**	**Annual result**	**Reason for partial achievement**	**Corrective measure**
Formalisation of informal settlements	9,5% of 158 informal settlements formalised (15 formalised)	4,43% of informal settlements formalised (7 settlements)	• Challenges faced by the Department of Housing were beyond the control of the Department. • Illegal invasions on land earmarked for development impacted negatively on settlement targets and the application to evict illegals in the High Court also impacted on formalisation of the informal settlements. • The slow process of proclamation also hampered the projects. • Due to illegal land and house invasions, the Department could not relocate the planned number of households. • The slow pace of building houses also contributed to the slow progress. • Township Proclamation was slow and the Department focused on complying with High Court Orders issued against.it.	With the establishment of the Formalisation and Relocation Rapid Task Team and the appointment of the Director of Land Invasion Management in the Metro Police, there will be progress in the new Financial Year on the formalisation of informal settlements.
Waterborne sanitation	5,5% of 196 162 backlog households.	5% of 196 162 households have access to waterborne sanitation	• The contractor responsible for internal sewer connections experienced a shortage of materials on site. Further, this target depends on the roll-out of the bulk sewer network before connections are done. Therefore, the delays in finalising the bulk network resulted in fewer connections realised during the period under review.	Strengthening of project management to oversee the project roll-out. The issue of material with the contractor has been resolved during FY 2012/13. The projects have already been fast-tracked, with significant progress made up to the end of September 2013.
Solid waste removal	97,58% of households in informal areas, ie 141 542	90,5%	• The stores were out of plastic bags during July and August. The new Financial Year began in July 2013. • The supply chain processes were slightly delayed.	The implementation of supply chain process earlier in the Financial Year.

Corrective measures for partially achieved IDP targets				
KPA	**Target**	**Annual result**	**Reason for partial achievement**	**Corrective measure**
	households, have access to intermediate levels of solid waste removal)		• However, once the supply chain processes were completed, the department was able to fast track delivery of plastic bags.	
Safety	50% increase in policing and by-law interventions executed to root out crime and related incidents	18,23% increase in policing and by law interventions	• Resource constraints • Dependencies on planning interventions with external parties • Over-targeting	The targets for 2013/14 have been established in line with available resources. This can be found in the SDBIP and IDP of 2013/14.
Finance	100% of financial targets achieved	72% average performance 0 targets fully achieved	• Over-targeting. • Cash invested to earn maximum interest in short term investments. • Higher than normal increase in debt and debt payments due to the bonds issued.	• Realistic target setting. • The current roll-out of the prepaid meters will result in increased cash levels and lower debtor balances thus improving the ratios.

Table 116: Addressing partially or non-achieved targets on the SDBIP

Corrective measures for partially achieved SDBIP targets				
KPA	**Target**	**Annual result**	• **Reason for partial achievement**	**Corrective measure**
Solid waste removal	141 542 households in informal settlement receiving plastic bags	131 237	• The stores were out of plastic bags during July and August. The new Financial Year began in July 2013. • The supply chain processes were slightly delayed. • However, once the supply chain processes were completed, the department was able to fast track delivery of plastic bags.	The department implemented supply chain procedures during the Financial Year to ensure that for the latter six months of the year, targets were achieved. The measures implemented will be monitored by the SED of the department to ensure that future challenges of a similar nature are prevented.
Indigent support	12 000 registered indigent households have access to free basic services	10 454	• During the month of July 2013 and the beginning of August 2013 the Indigent Management Programme section (in their endeavour to finalise the 2012/ 2013 Financial Year end submission),	The health and social development department will put in place measures to regularly monitor the registrations by other agencies in

Corrective measures for partially achieved SDBIP targets				
KPA	**Target**	**Annual result**	• **Reason for partial achievement**	**Corrective measure**
			obtained documentation from Magalies Water Services for the registration of 422 indigent households registered on the City of Tshwane's Service Infrastructure Development – Energy and Electricity Division's Suprima System. • Based on the receipt of the two totals (422 + 1 408) the Indigent Programme Management Section of the Health and Social Development Department reached and surpassed their target by 284 indigent household registrations [10 454 + 422 + 1 408 = 12 284]. • However free basic services could only be provided to the additional households as from July and August. • The remainder of households were captured in July 2013.	order to timeously capture data. These will include reminders to the entities such as ODI Water.
Health	100% pregnant women testing for HIV	91%	• The department does not have control over whether people will test for HIV, as this is voluntary.	NA
Sanitation	2 787 households connected to full waterborne sanitation in old township areas	1 700	• The contractor responsible for internal sewer connections experienced a shortage of materials on site. Further, this target depends on the roll-out of the bulk sewer network before connections are done. Therefore, the delays in finalising the bulk network resulted in fewer connections realised during the period under review.	Strengthening of project management to oversee the project roll-out. The issue of material with the contractor has been resolved during the 2012/13 Financial Year.

3.23.3 PERFORMANCE AGAINST THE SCORECARD OF SANDSPRUIT WORKS ASSOCIATION

This section of the report presents performance for Sandspruit Works Association (SWA) on its scorecard for FY 2012/13. SWA achieved 10 of its 12 targets for FY 2012/13.

Table 117: Performance of SWA on its scorecard

Strategic Objective	Key Performance Indicator	Target	Annual Performance Achieved	Target Achieved or Not Achieved
1. Provide basic services, roads and infrastructure	1.1 Reduce unaccounted for water to 22% in yr. 2012/2013, reduction of 1% per year	22%	24.67%	Not Achieved
2. Economic growth, development and job creation	2.1 In yr. 2012/2013 100% of general workers employed for Operations and maintenance projects must be local (Garankuwa, Mabopane and Winterveldt).	100%	100%	Achieved
3. Sustainable communities with clean, healthy and safe environments and integrated social services	3.1 Promote employee wellness programs in yr. 2012/2013	4	4	Achieved
4. Foster Participatory Democracy and Batho Pele	4.1 Establish effective stakeholder forums that are focused on achieving the City's goal socio-economic goals in 2012/13	10	18	Achieved
	4.2 Improve Customer service through staff training to maintain standards guided by the Batho Pele principles in 2012/13 Financial Year	8	8	Achieved
5. Promote Sound Governance	5.1 Maintain unqualified audit report in the 2012/13 Financial Year, through following up on the 2011/12 management report	100%	100%	Achieved

Strategic Objective	Key Performance Indicator	Target	Annual Performance Achieved	Target Achieved or Not Achieved
	5.2 Financial compliance in terms of s87-88 of the MFMA in the 2012/13 Financial Year	100%	100%	Achieved
5. Promote Sound Governance	5.3 SCM compliance in terms of the s12 of the SCM regulations, in the 2012/13 Financial Year	100%	100%	Achieved
	5.4 Compliance with contract management in terms of s116 of MFMA in 2012/13 Financial Year	100%	100%	Achieved
6. Ensure Financial sustainability	6.1 Increase revenue collection from 66% to 70% in yr. 2012/2013	70%	65.63%	Partially Achieved
	6.2 Ensure that all creditors are paid within 30 days in yr. 2012/2013	100%	100%	Achieved
7.Organizational development	7.1 Review HR policies in terms of the matrix in 2012/13	100%	100%	Achieved

3.23.3.1 MEASURES TAKEN TO IMPROVE PERFORMANCE TARGETS NOT ACHIEVED/PARTIALLY ACHIEVED- SANDSPRUIT WORKS ASSOCIATION

The table below provides reasons for non/partial achievement of planned SWA targets, and corrective measures to be implemented in FY 2013/14.

Table 118: Corrective measures SWA

Indicator and target	Reasons for non/partial achievement	Mechanisms adopted to achieve target	Action plan to achieve the target of 2013/14
Reduce Unaccounted for water to 22% in year 2012/13	*a)* The capital projects that were taking place in our area of supply specially network and meter replacement projects. • Water was lost when the supply was shifted from old network to new network. • Communication breakdown on meter replacement processes between the meter project and Sandspruit Works Association (SWA) has led to delays and wrong meter data capturing and as a result lead to water loss. • Other projects other than water and sanitation such as road and stormwater, Telkom and Eskom while busy with construction damages pipes, which contributed towards water losses. b) RDP housing development within our area of supply • Most of the housing projects construction took please without them applying for water connection. • Houses are handed over to the	The following interventions were implemented throughout the year to remedy the situation: a) Formal communication was done with water and sanitation department through contract meetings. b) Drawing which shows existing systems was handed over to all contractors working in SWA areas to avoid further damages. c) Appointment of three contractors for the installation meters in order to get rid of the backlog. d) Dropping of water sales was communicated to revenue department so that an investigation could be conducted. e) Provision to the water and sanitation department of preliminary design for the installation of RDP standard of water supply to areas without water supply infrastructure in order to avoid the	a) Expansion of telemetry system on the bulk meters to regulate water demand and pressure management. b) Metering of all draw off points that are used to fill in water tankers. c) Industrial and government customers meter auditing on quarterly basis to detect meter malfunctioning and illegal connections. d) Appointment of service provider for the supply of pipes, fittings material and stock items to eliminate delays on response time during pipe burst due to lack of material in stores. e) Moving of government institutions meters from the yard to the road reserves in order to ensure accessibility to meter readers. f) Appointment of service provider to implement water demand management, pressure management and leak detection in the distribution network. g) Monitoring of response time on water and meter queries and make intervention to reduce response time.

Indicator and target	Reasons for non/partial achievement	Mechanisms adopted to achieve target	Action plan to achieve the target of 2013/14
	beneficiaries without meter connections. c) Reduction of water sales • Although the number of consumers has increased from 48480 to 50537, there has been a decrease on sales from 10673782 kl to 10175744 kl which represents 5% decrease in sales. This was caused by the change of meter reading service provider. d) Lack of meter auditing and credit control • Without meter auditing and credit control (restrictions and cut-offs) it's impossible to detect any illegal connection and by bypass. e) Water supply through tankers • Due to lack of water supply infrastructure in some of the areas within our jurisdiction, water was been supplied through tankers from unmetered draw-off points and as a result it leads to unaccounted for water.	use of water tankers. f) Audit of government consumer's meters conducted. We found that most of the meters are inside the yard which hinders on the accessibility for the meter reading.	
Increase revenue collection from 66% to 70% in	a) Incorrect readings submitted by the meter reading service provider which resulted in incorrect billing. This resulted in a decline in the number of paying	a) Meter readings • Verified meter readings submitted by the service provider	The following revenue collection strategy will be implemented to ensure that the target of 72% is achieved: **a) Top 100 overdue Accounts**[30]

[30] It should be noted that due to political circumstances, it is not always possible to recover outstanding debt from government institutions, especially schools, police stations, etc. However, these outstanding debts should also be followed up vigorously and where these departments show any lack of co-operation their accounts should be treated in the same manner as any private account. Once the cycle of the above 100 accounts

Indicator and target	Reasons for non/partial achievement	Mechanisms adopted to achieve target	Action plan to achieve the target of 2013/14
year 2012/2013	consumers. As at June 2012, there were about 14 878 regular paying consumers as compared to 13 868 in June 2013. b) Indigent consumers who continuously consume more than the allocated 20kl per month. On average, about 1 664 indigent's consumers exceed the consumption of 20kl during the year ended June 2013. During the year, about 50 Water Management devices were installed to manage the indigent consumptions. Only 44 are still in working order. c) Lack of regular meter audits not performed by SWA to validate the readings supplied on a monthly by the service provider. d) Lack of continuous follow up with the consumers to ensure that at least their current charges are settled.	• Had meetings with the service provider to validate the meter audit report b) Indigents • Identified consumers who are not supposed to be in the register and handover de-registration • Fast tracked the installation of electronic Water demand devices on indigents • Monitored indigent consumptions	• A clean-up process of the debtors' book needs to take place in the new Financial Year. We selected the "top 100" accounts; representing debtors owing SWA more than R100 000. **b) Increase Current Collection Rates** • Systems and processes must be formalised to ensure that current accounts are managed on a monthly basis. • The updating of direct deposits and cheque payments must be done before the cut off list is produced. Disconnection notices must be sent after due date and cut off lists provided to the contractors. Spot checks and follow ups are needed to ensure the disconnection or restriction process becomes effective. **c) Inactive Accounts** • Where possible, outstanding amounts should be investigated and collected in terms of the credit control and debt collection policy whilst other accounts should be written off in terms of the proposed write off policy. **d) Meter Reading Process** • All meters with no movement should

are complete, another 100 accounts should be tackled in the same way. It is important to note that these debts have been fully provided for in the balance sheet.

Indicator and target	Reasons for non/partial achievement	Mechanisms adopted to achieve target	Action plan to achieve the target of 2013/14
			be investigated and corrections made. • Quarterly meter audits will be undertaken by SWA to confirm the validity of the readings supplied by the service provider. **e) Illegal Connections** • Systems and processes needs to be improved to ensure that disconnection instructions are implemented and those consumers don't reconnect themselves. • Disconnections, restrictions and reconnections reports needs to be compiled on a monthly basis and strict monitoring of these reports should take place.

3.23.4 Performance against the scorecard Housing Company Tshwane (HCT)

The table below presents performance of HCT against its planned targets, as well as corrective measures for non/ partially achieved targets.

Table 119: HCT performance against scorecard

Strategic Objective		Key performance indicator	Baseline	2012/13 Target	Actual result(s)	Measures to correct non-achievement of targets
SO 1	Procure sufficient stock to meet critical mass	1.1 Develop and manage 2500 units	0	500	Target not achieved. -No new units completed in 2012/13	Target removed for 2013/14 as it is not achievable (project not ready for implementation) Revised target reinstated for 2014/15 on the new HCT multi-year business plan
		1.2 Acquire and manage City rental stock	0	Other municipal stock under management	Target not achieved. -No new units acquired in 2012/13	Target removed for 2013/14 as it is not achievable. KPI not specific, measurable, achievable, realistic or time-bound.
		1.3 Secure land/or buildings for future projects	0	Vague target- "other land/buildings"	Target not achieved. -No new units acquired in 2012/13.	KPI same as 1.1 so it is not useful. Target removed for 2013/14 as it is not achievable. KPI not specific, measurable, achievable, realistic or time-bound. New agreement with City of Tshwane to transfer City rental stock in place. 159 units already transferred $\boxed{\text{effective 01 July 2013.}}$ 2013/14 targets reflect this.
SO 2	Manage procured stock efficiently and effectively	2.1 Efficient property management	95	Vague target- "improve PMS"	Target achieved on the existing property (95 units). New buildings not yet transferred to HCT for management	New agreement with City of Tshwane to transfer City rental stock in place. 159 units already transferred effective 01 July 2013. 2013/14 targets on track (based on a new Business Plan with SMART objectives and targets).
		2.2 100% occupation rates	95 %	Vacancy rate below 5%	Target of 95% % occupancy achieved (98%).	New agreement with City of Tshwane to transfer City rental stock in place. 159 units already transferred effective 01 July 2013. 2013/14 targets on track (based on a new Business Plan with SMART objectives and targets). Occupancy target revised to 95%
		2.3 100 % rent collection	+95%	(100% collection rate of rentals)	103% collection rate. Target t achieved. .	2013/14 targets on track (based on a new Business Plan with SMART objectives and targets

3.23.5 Performance of Tshwane Economic Development Agency (TEDA)

The Service Delivery Agreement (SDA) was approved by Council on 27 June 2013 and concluded on 28 June 2013 and this did not allow TEDA to formulate its key performance indicators as they had to be informed by the SDA. Therefore, the annual performance report 2012 / 13 was withdrawn from the audit process on the advice of the Shareholder as it was not aligned to the SDA and therefore lacked the necessary key performance indicators.

3.23.5.1 Key highlights and achievements

The performance trends include setting up TEDA operations and appointing key staff to enable a fully operational TEDA in the new Financial Year starting on 1 July 2013. The efforts of TEDA in the latter part of the 2012/13 financial was focused on reflecting on its operationalization, mandate elements of which required the necessary conclusion of the Service Delivery Agreement between the City and TEDA document which was approved by Council on 27 June 2013. TEDA management developed its business plan 2013/14 (MTREF) and had it endorsed by the Board on 5 March 2013, and duly submitted to the City in the same month. Council approved TEDA's MTREF Budget 2013/14 of R47, 5million on 30 May 2013. It is worth noting that the key areas of performance for the last six months of Financial Year 2012/13 thus reflect operational set- up activities by the Board, mirrored against the Work Plan 2012/13.

TEDA was assigned the task of managing the TIITIC event that will be held between May and October 2014. TEDA carried out the preparatory activities towards the hosting of TEDA like securing a venue for the conference before 30 June 2013, taking part in the preparatory discussions with the stakeholders and ensuring TITIIC 2014 is a better success than that of TITIIC 2012.

The financial systems were set up; the key policies were drafted within the supply chain management and financial management areas which was crucial as TEDA had to ensure that procurement procedures and financial management transactions are carried out according to the law. TEDA came up with a compliance schedule that guides in the daily operations and the statutory reporting in terms of the PFMA and the MFMA and other relevant legislation. This also captured the internal reporting requirements and timelines as laid out between the City and TEDA.

TEDA logo was designed and implemented after being endorsed by the City in March 2013.

A business plan for 2013/14 (MTREF) was prepared and submitted together with the multi-year budget projections, which was used by the City to make a budget allocation to TEDA for 2013/14, albeit the SDA processes were delayed to end of the Financial Year.

TEDA identified its key stakeholders, among these were National and Provincial departments and met with the Directors General of these key departments with the aim of introducing TEDA to them and setting up key areas of engagements and collaboration.

As at 30 June 2013, TEDA has a Board appointed CEO, CFO, Company Secretary, Executive Manager Corporate Services, and Executive Manager Marketing whilst CEO had also confirmed appointments of Senior Managers: Financial Accounting; Management Accounting; SCM; Office Manager and Manager Strategy.

TEDA commenced, in collaboration with City's SCM processes, with the acquisition of its Centurion-based office space in April 2013 with the City concluding applicable SCM processes on 18 June 2013 and the Accounting Officer appointing the successful service provider on 28 June 2013 and letter of appointment delivered on 1 July 2013.

4 ORGANISATIONAL DEVELOPMENT PERFORMANCE

A INTRODUCTION TO MUNICIPAL PERSONNEL

Human resources are regarded as the primary investment of any company. The City of Tshwane aims to maintain its investment in its people by recognising the economic, social and political factors that create the external context in which it operates. Effective and efficient human resource management and development is critical for the achievement of the vision of the City of Tshwane. Factors with significant implications for effective human resource management are inter alia the changing composition of the workforce in terms of age, gender, ethnic distribution, as well as the barriers encountered by women and people with disabilities. The City operates within a complex legal framework that directly influences day-to-day human resource management functions.

The scarcity of skills, together with the global competition for talent, has necessitated a review of our acquisition, development, optimisation, engagement and retention policies. There is however a view that employee skills and knowledge require more recognition and that succession planning needs to be more effective. The Manpower Planning Section has been created and will be fully capacitated by the end of the 2013/14 Financial Year in order to address these challenges

The merger of Tshwane with the erstwhile municipalities of Kungwini, Metsweding and Nokeng tsa Taemane necessitated restructuring which lead to the development of a new micro organisational structure. The merger and subsequent restructuring, as well as the absorption of labour brokers resulted in a larger human resource component. Statistics on the human resource component (positions, vacancies and remuneration) are limited to two previous Financial Years, ie 2010/11 and 2011/12.

This section reports on employee numbers, vacancy rates and occupational health and safety matters.

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

4.1.1 NUMBER OF EMPLOYEES

The City of Tshwane had 25 060 employees on 30 June 2013 (inclusive of all contract employees and excluding councillors).

4.1.2 VACANCY RATE

The vacancy rate is 40%.[31] The vacancy rate is based on permanent employees only, and thus excludes councillors, temporary workers and students.

[31] (25153 – 14974) / 25153 = 40%

Table 120: Number of posts filled

Department/function	2010/11		2011/12		2012/13	
	Number of posts	Number of posts filled	Number of posts	Number of posts filled	Number of posts	Number of posts filled
Office of the City Manager	109	54	209	149	43	29
Office of the Executive Mayor	156	107	185	91	196	101
Office of the Speaker	Restructured				244	111
Office of the Chief Whip	Restructured				74	34
(Office of the Chief Operating Officer)	25	12	214	83	Restructured	
Office of the Deputy City Manager: Infrastructure and Programme Management	Restructured				31	11
Service Infrastructure	2 670	1 688	4 881	3 209	1 529	968
(Electricity)	2 878	1 795	3 282	2 575	Included in Service Infrastructure	
Transport	Restructured				1 421	996
Housing and Human Settlement	Restructured				129	40
(Housing, City Planning and Environmental Management)	3 696	2 349	8 502	6 083	Restructured	
Office of the Deputy City Manager: Strategy Development and Implementation	Restructured				67	5
City Planning and Development	-	-	-	-	585	401
Economic Development	974	689	142	71	210	82
City Strategies and Performance Management	-	-	-	-	54	14

Department/function	2010/11		2011/12		2012/13	
	Number of posts	**Number of posts filled**	**Number of posts**	**Number of posts filled**	**Number of posts**	**Number of posts filled**
Communication, Marketing and Events	67	24	95	64	154	64
Research and Innovation	-	-	-	-	49	14
Office of the Deputy City Manager: Operations	Restructured				19	3
Sport and Recreational Services	Formed part of "Housing, City Planning and Environmental Management"				90	84
Environmental Management	Formed part of "Housing, City Planning and Environmental Management"				715	511
Health and Social Development	1 546	893	2 201	1 338	442	297
Group Audit and Risk	Formed part of Financial Services				169	96
Group Financial Services	1 208	646	1 359	878	1 290	978
Metro Police Services	3 435	2 131	4 261	2 202	4 410	2 229
Corporate and Shared Services	1 782	1 614	2 241	1 269	1 170	937
Group Legal Services	338	182	142	71	286	133
Group ICT	Formed part of Corporate and Shared Services				274	105
Emergency Services	1 286	755	1 386	998	1 644	1 218
Office of the Service Delivery Coordinator	Restructuring				225	118
Region 1	Restructuring				1 091	684
Region 2	Restructuring				1 088	534

Department/function	2010/11		2011/12		2012/13	
	Number of posts	Number of posts filled	Number of posts	Number of posts filled	Number of posts	Number of posts filled
Region 3	Restructuring				2 870	2 000
Region 4	Restructuring				1 277	782
Region 5	Restructuring				877	305
Region 6	Restructuring				1 438	783
Region 7	Restructuring				992	307
TOTAL	**20 170**	**12 939**	**29 100**	**19 081**	**25,153**	**14,974**

4.2.3 Injuries

The City of Tshwane is a self-insured entity responsible for the payment of its own occupational injuries and diseases after approval of such claims by the Compensation Commissioner. The City has an accident reporting system, SAP EHS, where employees can report all incidents from first aid cases to serious incidents where employees have passed away due to their injuries. The system ensures that the details of all incidents are recorded and that the record is kept of the investigation of incidents and the recommendation of steps to be instituted to prevent recurrences. During the 2012/13 Financial Year **796** incidents were reported, **41** of which can be classified as serious incidents (section 24 of the Occupational Health and Safety Act, 1993).

The City also approved an occupational health and safety (OHS) system for the management of OHS in all departments. The rollout plan for the system has already commenced during the 2012/13 Financial Year.

Table 121: Injuries

Activity	Total employees/incidents 2010/11	Total employees/incidents 2011/12	Total employees/incidents 2012/13
Medical surveillance including biological monitoring	3 362 employees	5 155 employees	5 620 employees
Initial and exit medical examinations	752 employees	1 858 employees	508 employees
Evaluation of medically-incapacitated employees	76 cases	57 cases	51 cases

Activity	Total employees/incidents 2010/11	Total employees/incidents 2011/12	Total employees/incidents 2012/13
Development of occupational risk profiles	408 profiles	331 profiles	243 profiles
Immunisation against hepatitis B	1 402 immunisations	93 immunisations	21 immunisations
General medical services provided	10 566 clinic visits	12 089 clinic visits	11 475 clinic visits
Specialised and general health and safety training provided to employees	2 852 employees	2 040 employees	781 employees
Legal compliance audits	162 audits	83 audits	96 audits
Inspections of workplaces	201 inspections	64 inspections	58 inspections
Accidents recorded, investigated and legally required documentation produced	814 incidents	846 incidents	721 incidents
Tenders and quotes evaluated in terms of health and safety requirements	504 quotes and tenders	254 (no longer part of Tender Committee)	59 quotes and tender meetings attended
Health and Safety Committee meetings attended as co-opted members	285 meetings	207 meetings	197 meetings
Occupational hygiene surveys performed	52	0	0
Assessment of stressors done	22	0	0

4.2.4 Staff Information

For the purposes of uniformity, human resource information has been standardised on the following occupational levels (also being used for employment equity statistics):

Table 122: Categorisation of occupational levels

Top management	(F1 – F3)
Senior management	(E1 – E3)
Professionally qualified	(D1 – D2/3/E1)
Skilled technical	(C1 – C3/D1)
Semi-skilled	(B1 – B3/C1/2/3/D1)
Unskilled	(A1 – A3/B1/2)

Table 123: Occupational levels in the City of Tshwane

Description	2010/11		2011/12		2012/13	
	Number	R	Number	R	Number	R
Top management	69	57 520 485	163	96 773 445	175	143 140 594
Senior management	192	138 845 159	213	146 126 132	330	204 872 526
Professionally qualified	1 024	587 293 235	1 138	634 032 773	1 118	655 401 255
Skilled technical	4 338	1 355 113 794	4 898	1 478 457 749	5 384	1 686 256 800
Semi-skilled	4 218	770 206 630	4 935	819 600 835	4 799	839 979 628
Unskilled	2 957	386 227 236	6 907	576 198 878	6 695	740 378 490
Pay scales not assigned to occupational levels (transferred from merger areas)	-	-	813	164 172 775	784	174 363 681
Total permanent	**12 798**	**3 295 206 540**	**19 067**	**3 915 362 586**	**19 285**	**4 444 392 973**
Non-permanent	**5 693**	**534 876 329**	**6 585**	**373 171 016**	**5 775**	**147 514 757**
Grand total	**18 491**	**3 830 082 869**	**25 652**	**4 288 533 603**	**25 060**	**4 591 907 731**

Table 124: Turn-over rate

Turn-over rate			
Details	**Total appointments as of beginning of Financial Year**	**Terminations during the Financial Year**	**Turn-over rate**
Year 2	50	18	36%
Year 1	50	12	24%
Year 0	50	10	20%

Positions are advertised internally and externally (nationwide). Some positions are filled through the migration and placement process, including headhunting. All section 57 employees are contractually bound for five years. When a position becomes vacant processes are undertaken to ensure that it is filled as soon as possible.

B MANAGING THE MUNICIPAL WORKFORCE

This section reports on among others the HR policies that were reviewed during the Financial Year, workforce expenditure, training and skills development and disclosures of senior management and council.

4.2 POLICIES

The City completed the review of a number of policies during the 2012/13 Financial Year. The policies are reviewed through consultative processes with stakeholders, including organised labour. The table below lists polices completed and/or reviewed during the 2012/13 Financial Year.

Table 125: HR policies

HR policies and plans				
Name of policy		Completed %	Reviewed %	Date adopted by Council or comment on failure to adopt
1	Staffing: Permanent Employees	100%	100%	Council: 28.02.2013
2	Staffing: Contract Employees (section 57)	100%	100%	Council: 28.02.2013
3	Staffing: Political Office	100%	100%	Council: 28.02.2013
4	Exit Interview	100%	100%	MayCo: 08.05.2013
5	Retention	Repealed: Replaced by the Scarce Skills Policy		
6	Scarce Skills	100%	100%	Council: 28.02.2013
7	Relocation	Repealed: Now included in the Staffing Policy		
8	Employee Wellness	100%	100%	Council: 28.02.2013
9	Performance Management (Top Management)	100%	100%	Council: 28.02.2013
10	Performance Management (Permanent Employees)	100%	100%	Council: 28.02.2013
11	Performance Management (Poor Performance)	100%	100%	Council: 28.02.2013
12	Strike Management	95%	100%	MayCo: 08.05.2013.
13	Minimum Service Level Agreement	60%	60%	Cluster: 02.07.2013
14	Sexual Harassment	100%	100%	Cluster: 06. 2013
15	Abscondment and Desertion	100%	100%	Council: 28.02.2013
16	Employment Equity	100%	100%	Council: 28.02.2013
17	Diversity	100%	100%	Council: 28.02.2013
18	Occupational Health and Safety	100%	100%	Council: 30.08.2012
19	First Aid	100%	100%	Council: 30.05.2013

Name of policy		% Completed	% Reviewed	Date adopted by Council or comment on failure to adopt
20	Incident Investigation	100%	100%	Council: 30.05.2013
21	Personal Protective Equipment	100%	100%	Cluster: 02.07.2013
22	OHSMS Hazard Identification and Risk Assessment	100%	100%	Council: 28.03.2013
23	OHSMS Legal and other Requirements	100%	100%	Council: 28.03.2013
24	OHSMS Objectives and Programmes	100%	100%	Council: 28.03.2013
25	OHSMS Resources, Roles, Responsibility, Accountability and Authority	100%	100%	Council: 28.02.2013
26	OHSMS Competence, Training and Awareness	100%	100%	Council: 28.02.2013
27	OHSMS Communication, Participation and Consultation	100%	100%	Council: 28.02.2013
28	OHSMS Control of OHS Documents	100%	100%	Council: 28.02.2013
29	OHSMS Emergency Preparedness and Response	100%	100%	Council: 28.02.2013
30	OHSMS Performance Measurement and Monitoring	100%	100%	Council: 28.02.2013
31	OHSMS Incident investigation, Non-conformance, Corrective and Preventive Action	100%	100%	Council: 28.02.2013
32	OHSMS Internal Audits	100%	100%	Council: 28.02.2013
33	Asbestos, Silica and Coal Dust	100%	100%	Council: 30.05.2013
34	Asbestos Demolition	100%	100%	Council: 30.05.2013
35	Hazardous Chemical Substances	100%	100%	MayCo: 05.06.2013
36	Chemical Substances Control	100%	100%	Council: 30.05.2013
37	Hearing Conservation	100%	100%	Council: 30.05.2013
38	Illumination	100%	100%	Council: 30.05.2013
39	Hazardous Biological Agents	100%	100%	Council: 30.05.2013
40	Thermal Stress	100%	100%	Council: 30.5.2013
41	Ventilation	100%	100%	Council: 30.05.2013
42	Medical Surveillance	100%	100%	Council: 30.05.2013
43	Travel-related Illness Prevention	100%	100%	Council: 30.05.2013
44	Prevention and Management of Occupation-related HIV and Hepatitis B Exposure	100%	100%	MayCo: 05.06.2013
45	The Management of Prenatal, Postpartum and Breastfeeding Employees	90%	90%	MayCo: 13.05.2013
46	Appointment of OHS Representatives			Collective agreement: 2003
47	Prevention of Tuberculosis in Health Care Workers			New
48	Hepatitis B Immunisation	Rescind policy		Cluster: 02.07.2013
49	Travel Allowance	100%	100%	Council: 28.02.2013
50	Medical Aid Contribution: Internal Standardisation	100%	100%	MayCo: 08.05.2013
51	Study Leave	100%	100%	MayCo: 26.06.2012
52	Encashment of Accumulated Leave	100%	100%	Cluster: 02.07.2013
53	Acting Allowance	100%	100%	Council: 28.02.2013
54	Conditions of Service for Bus Drivers	100%	100%	MayCo: 21.06.2013

Name of policy		Completed	Reviewed	Date adopted by Council or comment on failure to adopt
58	Overtime	100%	100%	Council: 28.02.2013
59	Uniform Allowance	100%	100%	MayCo: 08.05.2013
60	Cashier's Allowance	100%	100%	Cluster: 02.07.2013:
61	Special Leave	100%	100%	Cluster: 02.07.2013
62	Staff Rotation			Cluster: 26.06.2013
63	Redeployment			MayCo: 08.05.2013
64	City of Tshwane Employees' HIV/AIDS and Chronic Disease	100%	100%	City Manager: 02.07.2013
65	Alcohol and Drug	100%	100%	Collective agreement: November 2007
66	Divisional Conditions of Service – Collective Agreement			Subject to divisional approval
67	Funeral Policy – Collective Agreement			
68	Medical Incapacity – Collective Agreement			
				T 4.2.1

The Mayoral Committee in its deliberations, amongst others, resolved to approve 57 policies for revision and development. Once policies are revised and developed they are submitted to the Mayoral Committee and Council for approval. After approval, policies are forwarded to the South African Local Government Bargaining Council (Pretoria Division) for engagement and ratification.

4.3 Injuries, Sickness and Suspensions

The following table provides data relating to employee incidents for the 2012/13 Financial Year:

Table 126: Injuries, sickness and suspensions

Activity	Total employees/incidents 2010/11	Total employees/incidents 2011/12	Total employees/incidents 2012/13
Medical surveillance including biological monitoring	3 362 employees	5 155 employees	5 620 employees
Initial and exit medical examinations	752 employees	1 858 employees	508 employees
Evaluation of medically-incapacitated employees	76 cases	57 cases	51 cases
Development of occupational risk profiles	408 profiles	331 profiles	243 profiles

Activity	Total employees/incidents 2010/11	Total employees/incidents 2011/12	Total employees/incidents 2012/13
Immunisation against hepatitis B	1 402 immunisations	93 immunisations	21 immunisations
General medical services provided	10 566 clinic visits	12 089 clinic visits	11 475 clinic visits
Specialised and general health and safety training provided to employees	2 852 employees	2 040 employees	781 employees
Legal compliance audits	162 audits	83 audits	96 audits
Inspections of workplaces	201 inspections	64 inspections	58 inspections
Accidents recorded, investigated and legally required documentation produced	814 incidents	846 incidents	721 incidents
Tenders and quotes evaluated in terms of health and safety requirements	504 quotes and tenders	254 (no longer part of Tender Committee)	59 quotes and tender meetings attended
Health and Safety Committee meetings attended as co-opted members	285 meetings	207 meetings	197 meetings
Occupational hygiene surveys performed	52	0	0
Assessment of stressors done	22	0	0

Table 127: Suspensions uplifted

Suspensions uplifted 2012/13				Date
Director	Dishonesty	Wednesday, 18 April 2012	No letter of upliftment given City of Tshwane awaiting condonation from SALGBC	August 2012
Cashier	Dishonesty	Friday, 11 November 2011	No disciplinary action taken	August 2012
Cashier	Dishonesty	Friday, 11 November 2011	No disciplinary action taken	August 2012
Admin Officer	Dishonesty	Wednesday, 9 May 2012	Disciplinary hearing 30 July 2012 Dismissed August 2012	August 2012
Fire Safety Officer	Dishonesty	Thursday, 10 May 2012	Disciplinary hearing held May 2012 No upliftment letter Case withdrawn	August 2012
Admin Officer	Dishonesty	Thursday, 24 May 2012	Suspended 8 May 2012 Disciplinary hearing in progress	
Customer Care Consultant	Dishonesty	Thursday, 24 May 2012	Dismissal 13 August 2012	Monday, 13 August 2012
Inspector	Dishonesty	Friday, 10 February 2012	Applying for condonation	Thursday, 1 November 2012
Inspector	Dishonesty	Friday, 10 February 2012	Applying for condonation	Thursday, 1 November 2012

Suspensions uplifted 2012/13				**Date**
Foreman	Dishonesty	Friday, 10 February 2012	Applying for condonation	Tuesday, 6 November 2012
Admin Officer	Dishonesty	Tuesday, 1 May 2012	Retired end of December 2012	Wednesday, 24 October 2012
Functional Head	Dishonesty	Tuesday, 1 May 2012	SIU case City of Tshwane to apply for condonation	Thursday, 1 November 2012
Licence Officer	Dishonesty	Wednesday, 28 March 2012	Uplifted 2 July 2012	Monday, 2 July 2012
Deputy Director	Dishonesty	Friday, 10 February 2012	Applying for condonation	Monday, 3 December 2012
Director	Dishonesty	Thursday, 27 September 2012	Case withdrawn	Monday, 14 January 2013
Inspector	Dishonesty	Wednesday, 16 January 2013	Case withdrawn	Friday, 8 March 2013
Constable/Supt	Dishonesty	Friday, 21 December 2012	Case withdrawn	Friday, 22 March 2013
Constable/Supt	Dishonesty	Friday, 21 December 2012	Case withdrawn	Friday, 22 March 2013
Deputy Director	Dishonesty	Wednesday, 4 July 2012	No disciplinary action taken	May 2013
SED: Housing	Dishonesty	Wednesday, 4 July 2012	Resigned	Tuesday, 30 April 2013
Constable/Supt	Dishonesty	Friday, 21 December 2012	Case withdrawn	Friday, 24 May 2013
Constable/Supt	Dishonesty	Friday, 21 December 2012	Case withdrawn	Friday, 24 May 2013
Constable/Supt	Dishonesty	Friday, 21 December 2012	Case withdrawn	Friday, 24 May 2013
Constable/Supt	Dishonesty	Friday, 21 December 2012	Case withdrawn	Friday, 24 May 2013
Constable/Supt	Dishonesty	Monday, 18 February 2013	Case withdrawn	Friday, 24 May 2013
Customer Care Consultant	Dishonesty	Thursday, 24 May 2012	Dismissed 13 August 2012	Monday, 13 August 2012
Cashier	Dishonesty	Monday, 5 December 2011	Written warning – 5 April 2013	Friday, 5 April 2013
Cashier	Dishonesty	Monday, 5 December 2011	Written warning – 5 April 2013	Friday, 5 April 2013
Worker	Dishonesty	Tuesday, 7 February 2012	Final written warning – 7 February 2013	Thursday, 7 February 2013
Cashier	Dishonesty	Monday, 18 March 2013	Guilty – resigned	Thursday, 9 May 2013
Customer Care Consultant	Dishonesty	Tuesday, 12 March 2013	Applying for condonation	Wednesday, 26 June 2013
Admin Officer	Dishonesty	Wednesday, 21 November 2012	Condonation application done Condonation granted Hearing commenced Resigned 29 May 2013	Wednesday, 29 May 2013

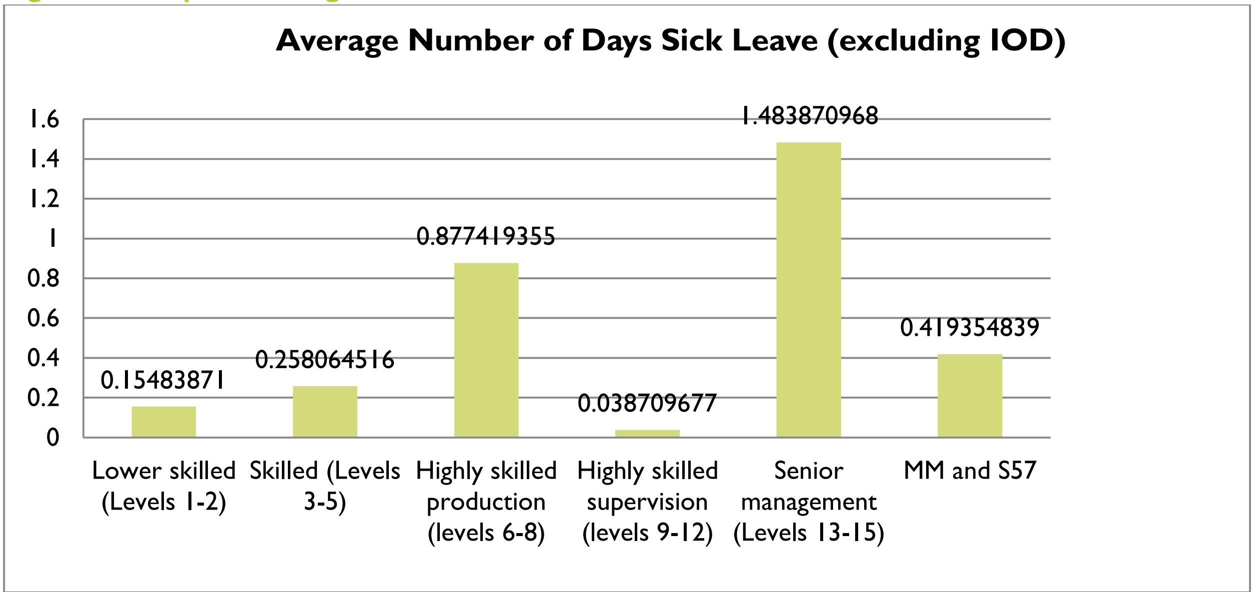
4.4 Sick Leave

The total number of employees in the City of Tshwane was 25 050 (includes all contract employees and excludes councillors). The total number of employees who took sick leave during 2012/13 was 10 513.

Table 128: Sick leave

Description	Total sick leave days	Proportion of sick leave without medical certificate %
Sick leave with medical certificate	64 298,66	82,1%
Sick leave without medical certificate	13 997,35	17,9%
Total number of days sick leave	**78 296,01**	**100,0%**

Figure 52: Graph reflecting sick leave



4.3.4 Turnaround time strategy on recruitment

The actual positions filled in the 2012/13 Financial Year were **1 601.**

Table 129: Positions filled vs. those advertised

	Q1	Q2	Q3	Q4	Total	Remarks
Positions advertised	316	287	229	825	1 657	
Positions filled	316	287	204	386	1 193	72% of the positions advertised in this Financial Year were filled.
Average days (weekends included therefore average on allowed 90 days)	65	74	87	42	268	64 days (allowed 90 days weekends included). 100% positions filled within the average days allowed to fill positions per job forum.
Total days to fill all positions	**20 701**	**21 222**	**17 859**	**16 296**	**76 078**	**63,8 days per recruitment**

4.4 Capacitating the Municipal Workforce

4.4.1 Skills Development and Training

The City of Tshwane budgeted for and implemented its annual skills plan. Priorities included the achievement of minimum competency levels in terms of the MFMA and the development of critical technical skills. The tables below present progress on skills development.

Table 130: Training and skills development

Management level	Gender	Employees in post as at 30 June year 0	Number of skilled employees required and actual employees as at 30 June 2013 (year 0)			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
		No.	Actual: End of year 0	Actual: End of year 0	Actual: End of year 0	Actual: End of year 0
MM and s57	Female	7		10		10
	Male	16		11		11
Councillors, senior officials and managers	Female	350		341		341
	Male	677		440		440
Professionals	Female	924		917	1	918
	Male	1 033	2	837	1	840
Technicians and associate professionals*	Female					
	Male					
Sub-total	Female	1 281		1 268	1	1 269
	Male	1 726	2	1 288	1	1 291
Total		21 842	518	10 215	321	11 054

Table 131: Progress report on financial competency development

Financial Competency Development: Progress report*						
Description	A. Total number of officials employed by Municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial officials						
Accounting officer	1		1	0	1	0
Chief financial officer	1		1	0	1	0
Senior managers	24		24	0	24	1
Any other financial officials	73	0	73	0	0	15
Supply Chain Management officials						
Heads of Supply Chain Management units	1		1	0	1	0
Supply Chain Management senior managers	2		2	0	0	0
TOTAL	**102**	**0**	**102**	**0**	**27**	**16**

Table 132: Skills development expenditure

Skills development expenditure R'000										
Management level	Gender	Employees as at the beginning of the Financial Year	Original budget and actual expenditure on skills development year 1							
			Learnerships		Skills programmes and other short courses		Other forms of training		Total	
		No.	Original budget	Actual	Original budget	Actual	Original budget	Actual	Original budget	Actual
MM and s57	Female	7		R0,00		R9 130,50		R0,00		R9 130,50
	Male	16		R0,00		R10 043,55		R0,00		R10 043,55
Legislators, senior officials and managers	Female	350		R0,00		R311 350,05		R0,00		R311 350,05
	Male	677		R0,00		R401 742,00		R0,00		R401 742,00
Professionals	Female	924		R0,00		R837 266,85		R913,05		R838 179,90
	Male	1 033		R1 826,10		R764 222,85		R913,05		R766 962,00
Technicians and associate professionals	Female	348		R0,00		R156 131,55		R11 869,65		R168 001,20
	Male	2 143		R0,00		R445 568,40		R72 130,95		R517 699,35
Clerks	Female	2 726		R10 956,60		R648 265,50		R1 826,10		R661 048,20
	Male	1 635		R913,05		R439 177,05		R5 478,30		R445 568,40
Service and sales workers	Female	1 906		R146 088,00		R1 592 359,20		R913,05		R1 739 360,25
	Male	2 617		R312 263,10		R2 752 845,75		R14 608,80		R3 079 717,65
Plant and machine operators and assemblers	Female	133		R0,00		R18 261,00		R0,00		R18 261,00
	Male	1 483		R913,05		R199 044,90		R19 174,05		R219 132,00
Elementary occupations	Female	921		R0,00		R240 132,15		R25 565,40		R265 697,55
	Male	4 923		R0,00		R501 264,45		R139 696,65		R640 961,10
Sub-total	Female	6 261		R157 044,60		R3 554 503,65		R15 521,85		R3 727 070,10
	Male	8 121		R315 002,25		R4 813 599,60		R93 131,10		R5 221 732,95
Total		14 382	R0,00	R472 046,85	R0,00	R8 368 103,25	R0,00	R108 652,95		R8 948 803,05

A total of 11 054 employees were trained through numerous programmes. One of the most pertinent was the provision of training on change management for a total of 1 350 senior and junior management employees (to the level of functional head). This programme was aimed at lifting the bar to develop a culture of excellence in the City. Officials were exposed to six days' training in topics such as change leadership and governance, the people factor in change, communicating change and how to implement an effective change management programme. Those that have been trained have begun to cascade the training to lower levels to ensure a trickle-down effect of exposure to such a crucial course that gears the workforce to understand why a different corporate culture is required to implement the new vision and strategies of the City. Other important courses which can be highlighted include ABET training (207), apprentices in various technical programmes (116), firefighting (276), customer service and call centre interaction (266) and finance management for non-finance managers (285). All these courses were intended to enhance the capacity of employees to accelerate service delivery; they were thus selected meticulously.

The City of Tshwane introduced bursary schemes to address a critical shortage of qualified skilled individuals within certain professions which cannot be met by internal or external resources. The scheme has also been applied to achieve some strategic priorities of the City such as fostering sufficient and efficient service delivery and the development of individual career plans. Numerous beneficiaries were awarded bursaries to further their studies at tertiary institutions. A total of 188 employees, 162 non-employees, and 30 military veterans were awarded bursaries to study engineering and related subjects.
To meet the municipal transformation and institutional development key performance area, the City undertook to train youths through its workplace training system, by offering experiential training in different departments in the City. A total of 156 interns were given structured work experience in the City in the following areas of work:

- Community and social services (5)
- Finance (16)
- Administration (71)
- Electricity (15)
- Environmental protection (49)

The City of Tshwane applied for the Special Merit Case in terms of Circular 60 and approval was granted by the National Treasury. The original date for the implementation of the regulations was 1 January 2013. With the granting of the Special Merit Case, the target date for compliance is now 1 July 2014. The Special Merit Case was granted to 102 such officials. As part of the regulations, appointment qualifications are also referred to. Only six officials do not meet the minimum qualifications but have sufficient work-based experience. The qualifications and competencies of these employees have been scrutinised and the gaps are being addressed through targeted training by the University of Pretoria. Their progress is reported twice a year to the National Treasury. A total amount of R1,461 600 was spent on this training.

4.5 Employee Expenditure

This section presents information on employee expenditure for the Financial Year 2012/2013. Included in this section are expenditure trends for the past 3 years, as well as disclosures of senior management and councillors.

Table 133: Employee expenditure

Financial Year	Employee-related costs R	Remuneration of councillors R	Total actual expenditure R	% of total original budget	% of adjustment budget
2011/12	4 739 894 487	91 436 294	4 831 330 781	27,02	26,76
2012/13	5 159 521 237	92 590 370	5 252 111 607	25,37	25,41

Figure 53: Graph on employee expenditure

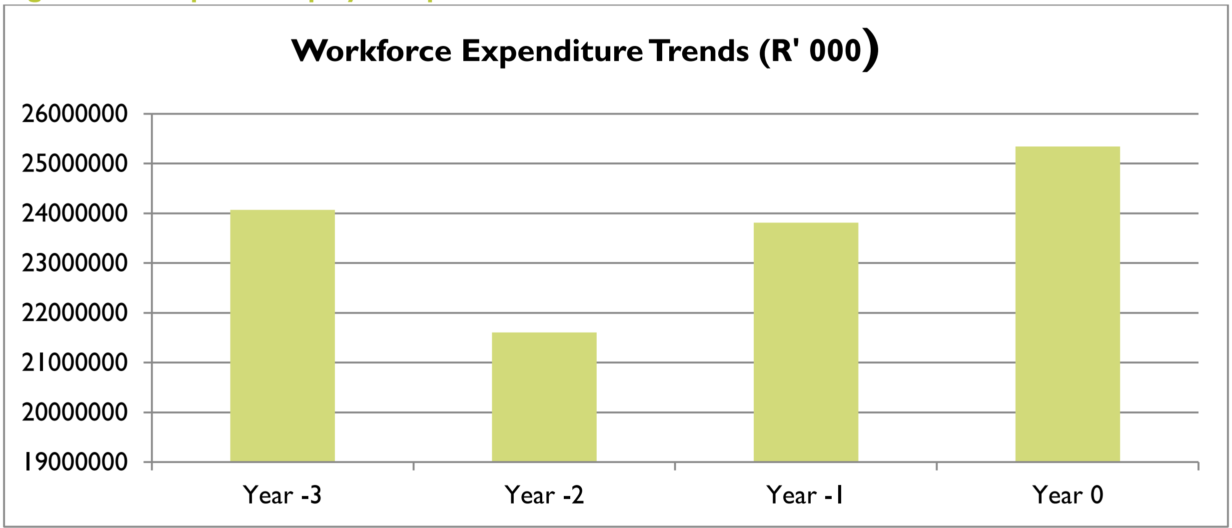


Table 134: Employees whose salary levels exceed the grade

Employees whose salary levels exceed the grade determined by job evaluation							
Nr	**Date of approved report**	**Name of report**	**Department**	**Division**	**Position on approved structure**	**Benchmark level**	**Cost implications**
1	2013.06.13	Report on the findings of the benchmarking of various positions in the Transport Department, Tshwane	Transport	Tshwane Airport Services	2 x Senior Fuel Bay Attendants	Previous – A3 New – B2	Additional cost implications per annum = R290 184
					4 x Fuel Bowers Attendants	Previous – A2 New – A3/B1	

Employees whose salary levels exceed the grade determined by job evaluation							
Nr	**Date of approved report**	**Name of report**	**Department**	**Division**	**Position on approved structure**	**Benchmark level**	**Cost implications**
		Airport Services, Wonderboom Airport			6 x Fuel Bay Attendants	Previous – A2 New – A2/3	
2	2013.05.13 and 2013.03.14	Report on the findings regarding the investigation into grievance:	Service Delivery and Transformation Management	Regional Service Delivery Operations, Section Urban Management	173 x General Workers to be appointed as Machine Operators	General – A1 Machine Operator – A2	Additional cost implications per annum = R359 148
3	2013.04.11	Further updating and ratification of the City of Tshwane's designation list with accompanied benchmarking levels	Metro Police Services	Specialised Policing, Protection Services Section	1 x Chief Security Officer (Grade A)	No previous benchmarked level New – D2/3	This report doesn't have any direct financial implications. However, any financial implications resulting from the report must be accommodated in the already approved budget for each Department.
			Financial Services	Financial Reporting and Assets, Section Payroll Management	1 x Deputy Director: Remuneration Payment Management	Omitted New – E1	
					1 x Director: Mayoral Spokesperson Operations	Previous – E2	
					New designation: Executive Head: Public Affairs and Spokesperson	New – Contract	
			Emergency Services	Strategic Support	1 x Emergency Services Spokesperson	Previous – D2/3 New – E2	
			Research and Innovation	Integrated Innovation Services	External Innovation Officer New designation: Senior External Innovation Specialist	Previous – C2/3/D1 New – E1	
			Corporate and Shared Services	Corporate Property and Logistics Services, Corporate Facilities Management Section	1 x Functional Head: Property Cleaning Services	Omitted New – D2/3	

Employees whose salary levels exceed the grade determined by job evaluation							
Nr	**Date of approved report**	**Name of report**	**Department**	**Division**	**Position on approved structure**	**Benchmark level**	**Cost implications**
			Service Delivery and Transformation Management	Regional Service Delivery Operations, Urban Management Section	67 x Chainsaw Operators	Previous – A1/2 New – A2	
			Research and Innovation	Integrated Innovation Services	Internal Innovation Officer New designation: Senior Internal Innovation Specialist	Previous – C2/3/D1 New – E1	
			Research and Innovation	Integrated Innovation Services, Continuous Improvement and Quality Assurance Section	Process Management Officer New designation: Senior Process Management Specialist	Previous – C2/3/D1	
			Research and Innovation	Integrated Innovation Services, Continuous Improvement and Quality Assurance Section	Quality Management Officer New designation: Senior Quality Management Specialist	Previous – C2/3/D1 New – E1	
			Research and Innovation	Integrated Research Services, Strategic Research Section	2 x Research Specialists New designation: Senior Research Consultant: Demographics	Previous – C2/3/D1 New – D2/3	
			Research and Innovation	Integrated Research Services, Strategic Research Section	2 x Research Specialists New designation: Senior Research Consultant: Statistical Analysis	Previous – C2/3/D1 New – D2/3	
			Research and Innovation	Integrated Research Services, Strategic Research Section	1 x Senior Research Specialist	Previous – D2/3 New – E1	

Employees whose salary levels exceed the grade determined by job evaluation							
Nr	**Date of approved report**	**Name of report**	**Department**	**Division**	**Position on approved structure**	**Benchmark level**	**Cost implications**
			City Strategies and Performance Management	Organisational Performance Management	4 x Specialists: Business Planning Process Management	Previous – D2/3	
					New designation:	New – E1	
					Senior Business Planning and Process Management Specialist		
			City Strategies and Performance Management	Organisational Strategy	2 x Specialists: Long Term Planning New designation: Senior Long Term Strategic Planning Specialist	Previous – D2/3 New – E1	
			City Strategies and Performance Management	Organisational Strategy	7 x Specialists: Medium Term Strategic Planning New designation: Senior Medium Term Strategic Planning Specialist	Previous – D2/3 New – E1	
			City Strategies and Performance Management	Organisational Performance Management	2 x Specialists: Monitoring and Evaluation New designation: Senior Monitoring and Evaluation Specialist	Previous – D2/3 New – E1	
			City Strategies and Performance Management	Organisational Performance Management	4 x Specialists: Organisation Performance New designation:	Previous - D2/3 New – E1	

Employees whose salary levels exceed the grade determined by job evaluation							
Nr	**Date of approved report**	**Name of report**	**Department**	**Division**	**Position on approved structure**	**Benchmark level**	**Cost implications**
					Senior Organisation Performance Specialist		
			City Strategies and Performance Management	Organisational Performance Management	4 x Specialists: SDBIP Monitoring and Evaluation New designation: Senior SDBIP Monitoring and Evaluation Specialist	Previous – D2/3 New – E1	
			City Strategies and Performance Management	Organisational Strategy	2 x Specialists: Strategy Management	Previous – D2/3	
					New designation:	New – E1	
					Senior Strategy Management Specialist		
			Emergency Services		1 x Strategic Executive Support Officer	Previous – C2/3/ D1 New – E1	
4	2013.04.02	Report on the findings of the benchmarking of the post of Recruitment Officer in the Department of Corporate and Shared Services: HR Management Division	Corporate and Shared Services	Human Resource Management, HR Provision and Maintenance Section	9 x Recruitment Officer	C2/3/D1 – No upgrading took place	No cost implications
5	2013.03.20	Adjustment on the remuneration level of the position of Executive Commitments Tracking Coordinator	Office of the Executive Mayor		1 x Executive Commitments Tracking Coordinator	Previous: E2/3	The position will be amended from permanent to a contractual appointment which carries an additional cost

Employees whose salary levels exceed the grade determined by job evaluation							
Nr	**Date of approved report**	**Name of report**	**Department**	**Division**	**Position on approved structure**	**Benchmark level**	**Cost implications**
		in the Office of the Executive Mayor				New: Contract	implication that must be handled with the Department-approved budget.

4.6 HIGHLIGHTS

4.6.1 SERVICE EXCELLENCE AWARDS

The City held its annual service excellence awards for employees in March 2013. The purpose of the awards is to reward and acknowledge top performers in the City. Awards were made as follows:

CATEGORY 1: Best Professional or Specialist Award
1. Ernest Adriaan Lodewyk Venter
2. James Mokwena
3. Martha Motlalepula Djaje

CATEGORY 2: Outstanding Supervisor Award
1. Sibusiso Mabaso
2. Matladiile Zungu
3. Sarette Kamffer

CATEGORY 3: Innovation Award
1. Frank Hlame Ngoepe
2. Paul Tebogo Baloi

CATEGORY 4: Customer Service Award
1. Rosemary Dikeledi Ntshudisane
2. Obotseng Dorcas Baloyi
3. Neo Matladi

CATEGORY 5: Administrative and Auxiliary Support Award
1. Jason John Tharratt
2. Andries Jacobus Rossouw
3. Abdul Naser Said

CATEGORY 6: Outstanding Mentor Award
1. Alfridah Serwadi
2. Geraldine Bastinah Metlhape
3. Frans Labuschagne

CATEGORY 7: Valour Award

1. Atteridgeville Rescue Team
Azwifarwi Stephinah Mushadu
Frans Tshirhiwa Nemataheni
Dipitse Bethuel Mogashwa
Refilwe Monyamane
Thomani Joseph Mulaudzi
Maqaleng Zacharia Dlamini

CATEGORY 8: Team Service Award
1. Waverley Library
Sam Cooper
Peter Seoloane
Rianda Stolk

2. Lyttelton Library
Antonia Petro Botes
Dorothea Maria Cronje
Martie Els
Tshoma Jennifer Fache
Hilda Helena Kaiser
Moloisi Johannah Malaka
Margritha Lesanda Meyer
Keletso Emely Moremi

3. Silverton Clinic
Kathrine FM Koopman
Daisy Joyce Setsepu
Marisa Lourens
Rita van der Gryp
Kenilwe Given Thobane
Gertude Phulani Shai
No-Shandre Swart
Margaret Mphahlele
Patricia Msiza
Christine P Thabane

CATEGORY 9: Woman in Technical/Specialist Fields Award
1. Namugaya Irene Kisuule
2. Lourraine Matlhodi Makwange
3. Nomsa C Mabasa

CATEGORY 10: Programme/Project Management Award
1. Prosper Moses Tembe
2. Princess Primrose Mosley
3. Lesiba Jerry Seko

CATEGORY 11: Trades and Technical Support Award
1. Lesetja Phineas Phaleng
2. Sefalatje Thabitha Letsoalo
3. Patricia Ntombizodwa Msiza and Simon Freddie Arnold Kumalo

Figure 54: Lodie Venter, Neo Matladi and Jason Tharratt during video interviews held with Service Excellence finalists

4.7 Disclosures

4.7.1 Disclosures of senior management City of Tshwane

Table 135: Disclosures of senior management

Name	Designation	Entry date	Annual Remuneration
Ngobeni Jason	City Manager	01/09/2011	2,675,812.00
Kwele Lindiwe	Deputy City manager: Strategy Development and Implementation	01/01/2012	2,148,478.00
Mangcu Lisa Nkosinathi	Deputy City manager: Infrastructure and Program Management	01/12/2011	1,819,552.00
Boshielo Mokhokela Kgope Frans	Deputy City manager: Operations and Service Delivery	01/12/2011	1,819,552.00
Lukhwareni Ndivhoniswani	Service Delivery Coordinator and Transformation Manager	01/07/2007	1,819,548.00
Dyakala Andile Phillip	Chief Financial Officer	01/08/2007	1,766,036.00
Seabela Bruno Segopotso	Strategic Executive Director: Group legal Services	22/05/2012	1,686,826.00
Aborn Peter Keith	Project Manager	01/01/2013	1,600,000.00
Madlala Lungile Ntombizenhlanh	Tshwane Rapid Transit Project Leader	01/08/2008	1,593,714.00

Name	Designation	Entry date	Annual Remuneration
Shozi Ernest Webster	Strategic Executive Head: Office of the Executive Mayor	01/08/2012	1,557,750.00
Otumile Dudlana John	Strategic Executive Director: Group Information Technology	05/11/2012	1,557,750.00
De Beer Joan Kathlen	Chief Emergency Services	01/07/2012	1,535,745.00
Ntsikeni Zukiswa	Strategic Executive Director: Corporate and Shared Services	01/03/2008	1,525,042.00
Mhlekwa Tembeka	Strategic Executive Director: Economic Development	01/08/2007	1,525,042.00
Makgata Makgorometje Augustine	Strategic Executive Director: City Planning	22/05/2012	1,525,042.00
Ncunyana Zukiswa	Strategic Executive Director: Strategy, Research and innovation	01/05/2012	1,525,042.00
Ndlovu Nomasonto Cynthia	Strategic Executive Director: Communication, Marketing and Events	17/03/2012	1,525,042.00
Nemahagala Tshilidzi Douglas	Strategic Executive Director: City Manager Support	01/05/2012	1,525,042.00
Ngobeni Khazamula Steven	Chief of Metro Police	01/05/2012	1,507,500.00
Kekana Seoketsa Elias	Strategic Executive Director: Health and Social Development	01/01/2012	1,444,939.00
Memela Nontobeko	Executive Director: Housing Provision	01/02/2013	1,436,403.00
Maganlal Mayur	Strategic Executive Director: City Strategies and Performance Management	01/11/2012	1,431,964.00
Nteo Lemao Dorah	Specialist: Green Desk/City Sustainability Office	01/01/2013	1,424,840.00
Kolisa Mthobeli Solam	Strategic Executive Director: Environmental Management	01/05/2013	1,424,840.00
Matsena Mapiti David	Strategic Executive Head: Secretary of Council	01/08/2010	1,391,424.00
Mkhwebane Kgaugelo Welheminah	Strategic Executive Head: Office of the Chief Whip	01/01/2008	1,391,422.00
Manganye Mahlomola Daniel	Safer City Coordinator	01/10/2010	1,391,422.00
Letlonkane Pheko Ignatius	Executive Director: Transport Development	01/04/2012	1,391,422.00
Thenga Obed	Chief Audit Executive	01/01/2012	1,391,412.00

4.7.2 Disclosures concerning Housing Company Tshwane

Table 136: Disclosures Housing Company Tshwane staff benefits

Incumbent	Designation	Remuneration package per annum (2012/13) R
M. Gaffane	CEO	1,659,416
L. Makibinyane	Finance Manager	610,893

Table 137: Disclosures Concerning Board Members for the period 1 July 2012 to 30 June 2013

Director	Salaries & Wages R'000	Total R
T. Phetla	R5844.00 p/ meeting	R 95,153
D M Masilela	R5844.00 p/ meeting	R95,153
Kholong	R5844.00 p/ meeting	R53,781
M Lehlokoa	R5844.00 p/ meeting	R125,117
T Mokgoro	R5844.00 p/ meeting	R71,647
E Mphahlele	R5844.00 p/ meeting	R107,343
W Rowland	R5844.00 p/ meeting	R101,324
A Singh	R5844.00 p/ meeting	R101,324
TOTAL		**R750,842**

4.7.3 Disclosures concerning councillors

Table 138: Disclosures concerning councillors

	Name	Package total	Cell phone
Part-time councillors	Meyer Karen	373 853,04	12 396,00
Part-time councillors	Uys Pieter Daniel	373 853,04	12 396,00
Part-time councillors	Guduza Thoko Ellen	373 852,92	12 396,00
Part-time councillors	Mampheko Amos Matome	373 852,92	12 396,00
Part-time councillors	Moselelane Elizabeth Paulina	373 852,92	12 396,00
Part-time councillors	Joosub Unus	373 852,92	12 396,00
Part-time councillors	Ngobeni Susan Malekgwabana	373 852,92	12 396,00
Part-time councillors	Mlotshwa Manakedi Elisa	373 852,92	12 396,00
Part-time councillors	Mathe Dorcas	373 852,92	12 396,00
Part-time councillors	Mahlase Christopher Mantual	373 852,92	12 396,00
Part-time councillors	Fleming Derek Lanchester	373 852,92	12 396,00
Part-time councillors	Makola Makopo Arow	373 852,92	12 396,00
Part-time councillors	Ramohoebo Mokganya	373 852,92	12 396,00
Part-time councillors	Aucamp Magrietha	373 853,04	12 396,00
Part-time councillors	Bekker Chris Francois	373 853,04	12 396,00
Part-time councillors	Du Plooy Juanita	373 853,04	12 396,00
Part-time councillors	Kruger Muller Marika Elizabeth	373 853,04	12 396,00
Part-time councillors	Aucamp Maria Gertruida	373 853,04	12 396,00
Part-time councillors	Motsepe Refiloe Helen	373 853,04	12 396,00
Part-time councillors	Majeng Pearl Lucy	373 853,04	12 396,00
Part-time councillors	Welmans Lucas Johannes	373 853,04	12 396,00
Part-time councillors	Spoelstra Johanna Christina	373 853,04	12 396,00
Part-time councillors	Pretorius Gerhardus Cornelius	373 853,04	12 396,00
Part-time councillors	Fourie Hendrik Frederik	373 853,04	12 396,00
Part-time councillors	Napier Clive John	373 853,04	12 396,00
Part-time councillors	Ernest Tessa	373 853,04	12 396,00
Part-time councillors	Fourie Piet	373 853,04	12 396,00
Part-time councillors	Dzumba Yvonne Kwena	373 853,04	12 396,00
Part-time councillors	Wannenburg Daniel Gabriel	373 853,04	12 396,00
Part-time councillors	De Goede Justus	373 853,04	12 396,00
Part-time councillors	Bosch Victoria Ann	373 853,04	12 396,00

	Name	Package total	Cell phone
Part-time councillors	Thobejane Pheladi Tiny	373 853,04	12 396,00
Part-time councillors	Linde Elmarie	373 853,04	12 396,00
Part-time councillors	Jansen Johan	373 853,04	12 396,00
Part-time councillors	Lebese Oupa Sandy	373 853,04	12 396,00
Part-time councillors	Prinsloo Catharina Dorothea	373 853,04	12 396,00
Part-time councillors	Erasmus Daniel Jacobus	373 853,04	12 396,00
Part-time councillors	Van Niekerk Albertus Martinus	373 853,04	12 396,00
Part-time councillors	Matsena Matsena Maxwell	373 853,04	12 396,00
Part-time councillors	Mathebula Thomas Ketlane	373 853,04	12 396,00
Part-time councillors	Kissoonduth Anniruth	373 853,04	12 396,00
Part-time councillors	Louw Elsabe	373 853,04	12 396,00
Part-time councillors	Mabena Maid Joyce	373 853,04	12 396,00
Part-time councillors	Baloyi Johnathan Kleinbooi	373 853,04	12 396,00
Part-time councillors	Mabelane Victor Phitisi	373 853,04	12 396,00
Part-time councillors	Montjane Mzwandile Edmund	373 853,04	12 396,00
Part-time councillors	Masombuka John Buti	373 853,04	12 396,00
Part-time councillors	Chauke Daniel	373 853,04	12 396,00
Part-time councillors	Mabona April Daniel	373 853,04	12 396,00
Part-time councillors	Sibanyoni Joyce Ngazimbe	373 853,04	12 396,00
Part-time councillors	Matenjwa Nomvula Lesiah	373 853,04	12 396,00
Part-time councillors	Matshela Thobatse Peter	373 853,04	12 396,00
Part-time councillors	Rammushi Jabulani Paulus	373 853,04	12 396,00
Part-time councillors	Ndlovu Felistus Cheeky	373 853,04	12 396,00
Part-time councillors	Lekgema Perpetua Lucy	373 853,04	12 396,00
Part-time councillors	Sebata Thembi Alexia	373 853,04	12 396,00
Part-time councillors	Rambau Tshililo Victor	373 853,04	12 396,00
Part-time councillors	Zitha Percy Ben	373 853,04	12 396,00
Part-time councillors	Chapman Barend William	373 853,04	12 396,00
Part-time councillors	Sekonya Magate Daniel	373 853,04	12 396,00
Part-time councillors	Marotola Maribishi Simon	373 853,04	12 396,00
Part-time councillors	Randall Adriana Maria	373 853,04	12 396,00
Part-time councillors	Essop Mahomed	373 853,04	12 396,00

	Name	Package total	Cell phone
Part-time councillors	Baker Duncan Charles	373 853,04	12 396,00
Part-time councillors	Lehobye Dikeledi Joahanna	373 853,04	12 396,00
Part-time councillors	Buthelezi Michael Mbitjana	373 853,04	12 396,00
Part-time councillors	Barendrecht John Willem	373 853,04	12 396,00
Part-time councillors	Kwenda Lenda Hunadi	373 853,04	12 396,00
Part-time councillors	Swanepoel Daniel Jacobus	373 853,04	12 396,00
Part-time councillors	Wannenburg Benjamin Jacobus	373 853,04	12 396,00
Part-time councillors	Topham Brandon Rodney	373 853,04	12 396,00
Part-time councillors	Campbell Alban Winston	373 853,04	12 396,00
Part-time councillors	Ngobeni Marubini Rosemary	373 853,04	12 396,00
Part-time councillors	Mc Donald Casper Nicolaas	373 853,04	12 396,00
Part-time councillors	Fourie Suzette	373 853,04	12 396,00
Part-time councillors	Modise Sheila	373 853,04	12 396,00
Part-time councillors	Sutherland Marnette	373 853,04	12 396,00
Part-time councillors	Bosch Crezane	373 853,04	12 396,00
Part-time councillors	Motsaneng Simon	373 853,04	12 396,00
Part-time councillors	Marobane Mfana Abram	373 853,04	12 396,00
Part-time councillors	Montlha Sephiwe Phillip	373 853,04	12 396,00
Part-time councillors	Marema Malesela Piet	373 853,04	12 396,00
Part-time councillors	Masupha Nathaniel Rabasotho	373 853,04	12 396,00
Part-time councillors	Sebopa Mmametja Ida	373 853,04	12 396,00
Part-time councillors	Aphane Makgodu Jacob	373 853,04	12 396,00
Part-time councillors	Maseko Poppy Letty	373 853,04	12 396,00
Part-time councillors	Majola Duduzile Elsa	373 853,04	12 396,00
Part-time councillors	Makaung Apson Sepadi	373 853,04	12 396,00
Part-time councillors	Khalo Titos	373 853,04	12 396,00
Part-time councillors	Khoza Tsakane Margaret	373 853,04	12 396,00
Part-time councillors	Makgatho Jane Tebogo	373 853,04	12 396,00
Part-time councillors	Baloyi Resemate William	373 853,04	12 396,00
Part-time councillors	Komani Nontobeko Joyce	373 853,04	12 396,00
Part-time councillors	Boshoff Christian Hendrik	373 853,04	12 396,00
Part-time councillors	Mojela Daniel Laki	373 853,04	12 396,00

	Name	Package total	Cell phone
Part-time councillors	Lesufi Mankoto Levy	373 853,04	12 396,00
Part-time councillors	Sithole Sophie Thembi	373 853,04	12 396,00
Part-time councillors	Mokonyane Kgomotso Rachael	373 853,04	12 396,00
Part-time councillors	Mashabela Seretse Lazarus	373 853,04	12 396,00
Part-time councillors	Sindane Joel Malebogo	373 853,04	12 396,00
Part-time councillors	Coetzee Johannes Jacobus	373 853,04	12 396,00
Part-time councillors	Morudu Masindi Gertrude Rebecc	373 853,04	12 396,00
Part-time councillors	Mangcu Phumeza	373 853,04	12 396,00
Part-time councillors	Engelbrecht Bronwynn Anne	373 853,04	12 396,00
Part-time councillors	Sibaya Joseph	373 853,04	12 396,00
Part-time councillors	Matentjie Johannah Hlangani	373 853,04	12 396,00
Part-time councillors	Mosime Dikeledi Wilhemina	373 853,04	12 396,00
Part-time councillors	Dlamini Lettah Bafedile	373 853,04	12 396,00
Part-time councillors	Fourie Roelof Petrus	373 853,04	12 396,00
Part-time councillors	Maredi Francina	373 853,04	12 396,00
Part-time councillors	Erasmus Barend Hendrik Josephe	373 853,04	12 396,00
Part-time councillors	Jacobs Modisa Jason	373 853,04	12 396,00
Part-time councillors	Motsei Moetjie Violet	373 853,04	12 396,00
Part-time councillors	Tshabalala Elsie Shibe	373 853,04	12 396,00
Part-time councillors	Hlatshwayo Phumzile Brian	373 853,04	12 396,00
Part-time councillors	Sebotsane Magdeline Pretty	373 853,04	12 396,00
Part-time councillors	Katake Naome Salphina	373 853,04	12 396,00
Part-time councillors	Ngobeni Joyce Mangalane	373 853,04	12 396,00
Part-time councillors	Lee Tsung Wei	373 853,04	12 396,00
Part-time councillors	Pascoe Nicolaas Cornelius	373 853,04	12 396,00
Part-time councillors	Ngobeni Lucas Martins	373 853,04	12 396,00
Part-time councillors	Pietersen Isak Jacobus	373 853,04	12 396,00
Part-time councillors	Van Staden Philippus Adriaan	373 853,04	12 396,00
Part-time councillors	Nhlapo Esther Ntombifuthi	373 853,04	12 396,00
Part-time councillors	Singh Ingle	373 853,04	12 396,00
Part-time councillors	Strydom Catharina Elizabeth	373 853,04	12 396,00
Part-time councillors	Nkosi Fikile Emly	373 853,04	12 396,00

	Name	Package total	Cell phone
Part-time councillors	Sutton Peter	373 853,04	12 396,00
Part-time councillors	Phahlane Alfred Khala	373 853,04	12 396,00
Part-time councillors	Uys Reyaan	373 853,04	12 396,00
Part-time councillors	Moganedi Lobisa Pretty	373 853,04	12 396,00
Part-time councillors	Weber Hilda	373 853,04	12 396,00
Part-time councillors	Phiri Solomon Bongani	373 853,04	12 396,00
Part-time councillors	Mogoboya Nkabutsana Phillemon	373 853,04	12 396,00
Part-time councillors	Ringane Mamosa Betty	373 853,04	12 396,00
Part-time councillors	Marole Letlotlo Precious	373 853,04	12 396,00
Part-time councillors	Mbele Funny Joshua	373 853,04	12 396,00
Part-time councillors	Marishane Mmina Tau Seabelo	373 853,04	12 396,00
Part-time councillors	Peach W D	373 853,04	12 396,00
Part-time councillors	Brink Cilliers	373 853,04	12 396,00
Part-time councillors	Motau Lema Godfrey	373 853,04	12 396,00
Part-time councillors	Masilela Joel Kgomotso	373 853,04	12 396,00
Part-time councillors	Mashego Jonathan Daniel	373 853,04	12 396,00
Part-time councillors	Mogale Joseph Morake	373 853,04	12 396,00
Part-time councillors	Moss Darryl	373,853,04	12 396,00
Part-time councillors	Msimanga Solly Tshepiso	373 853,04	12 396,00
Part-time councillors	Napo Mosima Maria	373 853,04	12 396,00
Part-time councillors	Ncube Alfred Butiki	373 853,04	12 396,00
Part-time councillors	Ngwenya Maqoba Abel	373 853,04	12 396,00
Part-time councillors	Nortje Hendrik Johannes	373 853,04	12 396,00
Part-time councillors	Osman Abdulqadir	373 853,04	12 396,00
Part-time councillors	Maas Shane	373 853,04	12 396,00
Part-time councillors	Maila Vincent Howard Sello	373 853,04	12 396,00
Part-time councillors	Mampuru Magane Magic	373 853,04	12 396,00
Part-time councillors	Minnie Karel Johannes	373 853,04	12 396,00
Part-time councillors	Mnguni Doris Swabi Lindiwe	373 853,04	12 396,00
Part-time councillors	Moimane Sam	373 853,04	12 396,00
Part-time councillors	Mokhotho Nontsikelelo Lucia	373 853,04	12 396,00
Part-time councillors	Middelberg Alexander Willem Fr	373 853,04	12 396,00

	Name	Package total	Cell phone
Part-time councillors	Muller Siobhan	373 853,04	12 396,00
Part-time councillors	Mathebe Rachel Kedibone	373 853,04	12 396,00
Part-time councillors	Tsela Daddy Cedrick	373 853,04	12 396,00
Part-time councillors	Van Der Walt Phillipus Andries	373 853,04	12 396,00
Part-time councillors	Ngwenya Cameron Brighton	373 853,04	12 396,00
Part-time councillors	Babane Tiyiselani Joseph	373 853,04	12 396,00
Part-time councillors	Van Den Heever Christiaan Maur	373 853,04	12 396,00
Part-time councillors	Thobejane Eugenia Moetedi	373 853,04	12 396,00
Part-time councillors	Erasmus Lourens Abraham	373 853,04	12 396,00
Part-time councillors	Kgaditse Faith Mantagale	373 853,04	19 872,00
Part-time councillors	Huma Sello Esrom	373 853,04	12 396,00
Part-time councillors	Boshomane Machuene Joyce	373 853,04	12 396,00
Part-time councillors	Mathibedi Lot Ratsela	373 853,04	12 396,00
Part-time councillors	Rens Stanley Desmond	373 853,16	12 396,00
Part-time councillors	Musehane Maligana Edward	373 853,16	12 396,00
Part-time councillors	Millar Peter Edward	373 853,16	12 396,00
Part-time councillors	Boroto Absalom Setumo	373 853,16	12 396,00
Part-time councillors	Van Zyl Johannes Stephanus	373 853,04	12 396,00
Part-time councillors	Engelbrecht Janho	373 853,04	12 396,00
Part-time councillors	Malapane Nkele Doreen	373 853,04	12 396,00
Part-time councillors	Mareme Martha Senwelo	373 853,04	12 396,00
Section 79	Makitla Nokie Ben	747 707,04	19 872,00
Section 79	Mabusela Theresa Eulanda	747 707,04	19 872,00
Section 79	Tlomatsane Selopi Peter	747 706,92	19 872,00
Section 79	Ndlovana Alphina Anna	747 707,04	19 872,00
Section 79	Mosito Derick Butinyana	747 707,04	19 872,00
Section 79	Kekana Refiloe Johannah	747 707,04	19 872,00
Section 79	Ntuli John	747 707,04	19 872,00
Section 79	Mashola Molatelo Samuel	747 707,04	19 872,00
Section 79	Mathafa Oscar Masarona	747 707,04	19 872,00
Section 79	Maseko Nomthandazo Eveline	747 707,04	19 872,00
Section 79	Mokgathadi Rebone Mothaolo	747 707,04	19 872,00

	Name	Package total	Cell phone
Section 79	Mohlala Ramphelane Johnny Boph	747 707,04	19 872,00
Section 79	Maluleka Aaron Mokgale	747 707,04	19 872,00
Section 79	Mthetwa Daniel	747 707,04	19 872,00
Section 79	Mkhize Joseph	747 707,04	19 872,00
Section 79	Muller Joan Denise	747 707,04	19 872,00
Section 79	Ledwaba Dolly Caroline	747 707,04	19 872,00
Member of Mayoral Committee	Mashaba Petunia Faith	801 114,00	19 872,00
Member of Mayoral Committee	Mashego Rasello Terence	801 114,00	19 872,00
Member of Mayoral Committee	Mabiletsa Maidi Dorothy	801 114,00	19 872,00
Member of Mayoral Committee	Ngonyama Joshua John	801 114,00	19 872,00
Member of Mayoral Committee	Pillay Subesh	801 114,00	19 872,00
Member of Mayoral Committee	Masango Jacob Mlandu	801 114,00	19 872,00
Member of Mayoral Committee	Matjila Maupe George	801 114,00	19 872,00
Member of Mayoral Committee	Tyobeka Makeke Nozipho Paulina	801 114,00	19 872,00
Member of Mayoral Committee	Mmoko Thembekile Elizabeth	801 114,12	19 872,00
Chief Whip	Mabona Swartland Jabulane	801 114,12	19 872,00
Speaker	Mosupyee Audrey Winifred Morakane	854 523,00	19 872,00
Mayor	Ramokgopa Kgosientso David	1 068 153,00	39 828,00

4.7.4 DISCLOSURES CONCERNING TSHWANE ECONOMIC DEVELOPMENT AGENCY (TEDA)

The total amount paid to the Directors for the Financial Year 2012/13 is R1 953 900-00 and the payments are as a result of meetings attended and categorized below:

Table 139: Board meetings FY 2012/13

Meeting	L Vutula	N Ntsinde	J Matsho	N Singh	H Gouvelis	F Sibanda	C Mahlati	S Bahula Ermias	M Yates	L Haskins	L Thubakgale	C Mpyane
01/08/12	1	1	1	1	1	1	1	1	N/A	N/A	N/A	N/A
28/08/12	1	1	1	1	1	0	1	1	N/A	N/A	N/A	N/A
25/09/12	1	1	1	1	1	0	1	1	N/A	N/A	N/A	N/A
30/10/12	1	1	1	1	1	0	0	1	N/A	N/A	N/A	N/A
27/11/12	1	1	1	1	1	1	1	1	N/A	N/A	N/A	N/A
07/01/13	1	1	1	0	1	1	0	1	N/A	N/A	N/A	N/A
17/01/13	1	0	1	1	1	1	1	1	N/A	N/A	N/A	N/A
19/2/13	1	1	1	1	0	1	1	1	N/A	N/A	N/A	N/A
05/03/13	1	1	1	1	1	1	1	1	N/A	N/A	N/A	N/A
26/03/12	1	1	0	1	1	1	1	1	N/A	N/A	N/A	N/A
16/04/13	1	1	1	1	1	1	1	1	N/A	N/A	N/A	N/A
02/05/13	1	1	1	1	1	1	1	1	N/A	N/A	N/A	N/A
09/05/13	1	1	1	1	0	1	1	1	N/A	N/A	N/A	N/A
22/05/13	1	1	1	1	1	1	1	1	N/A	N/A	N/A	N/A
13/06/13	1	1	1	0	1	1	1	1	N/A	N/A	N/A	N/A
27/06/13	1	1	1	1	1	1	1	1	1	1	1	1
TOTAL	**16**	**15**	**15**	**14**	**14**	**12**	**14**	**16**	**1**	**1**	**1**	**1**

*Previously appointed T Dlamini never attended any of the meetings during 2012/13 Financial Year.

None of the four (4) additional Board members, (who were appointed in the last quarter of 2013/14) attended the Board meeting 27 June 2013 and any of the Committees during the 2012/13 Financial Year.

Table 140: Project Committee meetings

Meeting	N Ntsinde	J Matsho	F Sibanda	C Mahlati	S Bahula-Ermias
15/11/12	1	1	1	1	0
09/04/13	0	0	1	1	1
19/04/13	1	1	1	1	1
30/04/13	1	1	0	1	1
09/05/13	1	1	1	1	1
13/05/13	1	1	1	1	1
04/06/13	1	1	1	1	1
13/06/13	1	1	1	1	1
	7	**7**	**7**	**8**	**7**

Table 141: Remuneration and Ethics committee meetings

Meeting	J Matsho	N Singh	H Gouvelis	C Mahlati
22/11/12	1	1	0	1
25/02/13	1	0	1	1
10/04/13	0	1	1	1
23/04/13	1	1	1	1
09/05/13	1	1	0	1
04/06/13	1	0	1	1
24/06/13	1	1	1	1
TOTAL	**6**	**5**	**5**	**7**

Table 142: Audit and risk committee meetings

Meeting	N Singh	N Ntsinde	F Sibanda	S Bahula-Ermias	H Gouvelis
12/11/12	1	1	1	1	0
TOTAL	**1**	**1**	**1**	**1**	**0**

Table 143: Finance and risk committee meetings (a)

Meeting	N Singh	N Ntsinde	F Sibanda	S Bahula-Ermias	H Gouvelis
24/04/13	1	1	1	1	1
30/04/13	1	1	1	1	0
03/05/13	1	1	0	1	0
14/05/13	1	1	1	1	0
24/05/13	1	1	1	1	1
06/06/13	0	1	1	1	1
10/06/13	0	1	1	1	1
	5	**7**	**6**	**7**	**4**

Table 144: Finance and risk committee meetings (b)

Meeting	**L Vutula**	**N Ntsinde**	**Jim Matsho**	**N Singh**	**H Gouvelis**	**F Sibanda**	**C Mahlati**	**S Bahula Ermias**	**MMC S Pillay**	**DCM L Kwele**	**SED T Mhlekwa**
30/10/12	1	1	1	1	1	0	0	1	1	1	1
TOTAL	**1**	**1**	**1**	**1**	**1**	**0**	**0**	**1**	**1**	**1**	**1**

5 FINANCIAL PERFORMANCE

All financial information presented in this section of the report is sourced from the Audited Financial Statements (AFS) of the City of Tshwane's 2012/13 Financial Year, as contained in Volume II of this report.

A STATEMENTS OF FINANCIAL PERFORMANCE

5.1 STATEMENT OF FINANCIAL PERFORMANCE

		Group		Municipality	
	Note(s)	2013 R	2012 Restated R	2013 R	2012 Restated R
Revenue					
Revenue from exchange transactions					
Service charges	26	11,642,235,567	10,643,372,054	11,669,883,942	10,651,601,683
Rental of facilities and equipment		106,060,759	100,016,243	103,606,469	97,718,235
Interest received - outstanding consumer debtors		276,805,756	265,720,882	253,250,109	244,643,012
Licences and permits		58,658,683	52,426,020	58,658,683	52,426,020
Other income	28	669,847,424	629,607,940	665,733,747	627,769,053
Investment revenue	33	62,828,008	52,933,829	62,236,528	52,185,100
Total revenue from exchange transactions		**12,816,436,197**	**11,744,076,968**	**12,813,369,478**	**11,726,343,103**
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	25	3,999,445,336	3,357,657,236	3,999,585,718	3,357,774,830
Transfer revenue					
Government grants, subsidies, awards and donations	27	4,743,766,470	3,547,429,486	4,744,008,495	3,547,429,486
Public contributions and donations		152,709,701	117,380,914	152,709,701	117,380,914
Fines		3,934,831	4,555,875	3,934,831	4,555,875
Total revenue from non-exchange transactions		**8,899,856,338**	**7,027,023,511**	**8,900,238,745**	**7,027,141,105**
Total revenue		**21,716,292,535**	**18,771,100,479**	**21,713,608,223**	**18,753,484,208**
Expenditure					
Personnel	29	(5,304,963,548)	(4,815,285,269)	(5,225,703,079)	(4,739,894,487)
Remuneration of councillors	30	(92,573,294)	(91,453,370)	(92,573,294)	(91,453,370)
Depreciation and amortisation	31	(1,103,121,160)	(1,033,238,522)	(1,100,838,501)	(1,030,493,515)
Impairment loss/ Reversal of impairments	65	(4,818,771)	(29,807,842)	(4,818,771)	(29,807,842)
Finance costs	32	(740,274,779)	(633,215,352)	(739,419,952)	(632,350,791)
Debt impairment	34	(951,619,336)	(903,949,770)	(874,303,916)	(821,215,068)
Collection costs		(95,800,895)	(95,026,950)	(95,800,895)	(95,026,950)
Repairs and maintenance		(1,415,881,948)	(1,198,453,072)	(1,405,944,744)	(1,195,917,028)
Bulk purchases	35	(6,695,411,406)	(6,172,120,339)	(6,793,054,563)	(6,258,775,168)
Grants and subsidies paid	36	(17,290,290)	(21,495,798)	(17,290,290)	(21,495,798)
General Expenses	37	(3,194,993,417)	(2,750,607,334)	(3,289,013,214)	(2,803,800,040)
Total expenditure		**(19,616,748,844)**	**(17,744,653,618)**	**(19,638,761,219)**	**(17,720,230,057)**
Operating surplus		**2,099,543,691**	**1,026,446,861**	**2,074,847,004**	**1,033,254,151**
Gain/(loss) on disposal of assets and liabilities		(268,847,768)	(82,522,739)	(268,585,708)	(82,522,739)
Loss on foreign exchange transactions		(760,902)	(2,630,305)	(760,902)	(2,630,305)
Fair value adjustments		79,227,638	(264,454)	81,898,475	(264,454)
Gain on transfer of functions	62	-	1,033,166,378	-	1,033,166,378
		(190,381,032)	**947,748,880**	**(187,448,135)**	**947,748,880**
Surplus before taxation		**1,909,162,659**	**1,974,195,741**	**1,887,398,869**	**1,981,003,031**
Taxation (TEDA)		(824,863)	-	-	-
Surplus for the year		**1,909,987,522**	**1,974,195,741**	**1,887,398,869**	**1,981,003,031**

The National Treasury classification of expenditure is disclosed in note 67.

5.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

		Group		Municipality	
	Note(s)	2013 R	2012 Restated R	2013 R	2012 Restated R
Assets					
Current Assets					
Inventories	21	402,238,641	417,462,010	399,467,833	414,945,238
Current portion of long-term receivables	20	119,303,329	108,802,610	119,303,329	108,802,610
Other debtors	23	581,728,390	658,210,113	541,362,319	621,501,721
VAT receivable	12	2,965,618	2,974,060	-	-
Consumer debtors	22	3,124,929,903	2,734,234,725	3,130,421,675	2,748,609,426
Call investment deposits	19	636,003,487	323,851,507	636,003,487	323,851,507
Cash and cash equivalents	24	740,967,794	643,926,921	686,118,280	604,102,525
		5,608,137,162	**4,889,461,946**	**5,512,676,923**	**4,821,813,027**
Non-Current Assets					
Investment property	14	964,541,529	1,002,174,054	951,341,529	986,303,217
Property, plant and equipment	13	22,648,616,539	19,105,142,745	22,637,117,115	19,093,570,094
Leased assets	17	171,655,852	392,780,484	171,655,852	392,780,484
Intangible assets	15	414,245,964	450,065,830	414,154,169	450,065,830
Heritage assets	16	25,686,395	26,059,432	25,686,395	26,059,432
Investments	19	4,986,212	87,622,609	4,986,212	87,622,609
Long-term receivables	20	104,277,461	94,216,295	104,277,461	94,216,295
Deferred tax	63	836,432	-	-	-
Interest rate swap asset	68	81,554,131	-	81,554,131	-
		24,416,400,515	**21,158,061,449**	**24,390,772,864**	**21,130,617,961**
Assets held for sale	18	56	344,590	56	344,590
Total Assets		**30,024,537,733**	**26,047,867,985**	**29,903,449,843**	**25,952,775,578**
Liabilities					
Current Liabilities					
Long-term liabilities	4	535,106,566	346,018,276	534,791,168	345,702,878
Lease liabilities	5	127,908,505	127,462,094	127,908,505	127,462,094
Deferred operating lease liability	64	3,117,455	2,777,684	2,990,938	2,501,856
Payables from exchange transactions	10	5,034,043,418	4,532,158,449	4,973,504,827	4,477,437,996
VAT payable	12	91,980,877	281,849,052	91,975,271	281,844,747
Consumer deposits	9	421,669,621	406,953,225	418,175,945	403,868,672
Unspent grants and receipts	11	126,494,481	319,663,700	125,330,239	317,810,684
Provisions	6	-	1,610,788	-	-
		6,340,320,923	**6,018,493,268**	**6,274,676,893**	**5,956,628,927**
Non-Current Liabilities					
Long-term liabilities	4	7,766,929,898	6,088,869,590	7,764,124,985	6,085,749,294
Lease liabilities	5	50,592,413	175,575,133	50,592,413	175,575,133
Deferred operating lease liability	64	2,372,547	5,069,533	2,308,997	4,936,934
Retirement benefit obligation	44	1,755,107,675	1,587,376,653	1,755,107,675	1,587,376,653
Deferred tax	63	11,569	-	-	-
Provisions	6	242,601,531	215,870,158	242,601,531	215,870,158
		9,817,615,633	**8,072,761,067**	**9,814,735,601**	**8,069,508,172**
Total Liabilities		**16,157,936,556**	**14,091,254,335**	**16,089,412,494**	**14,026,137,099**
Net Assets		**13,866,601,177**	**11,956,613,650**	**13,814,037,349**	**11,926,638,479**
Net Assets					
Accumulated surplus	43	13,866,601,177	11,956,613,650	13,814,037,349	11,926,638,479

5.3 Financial Ratios

The table below shows the City's performance on the financial ratios.

Financial Statistics	2013		2012 Restated	
	Group	Municipality	Group	Municipality
Current asset ratio	0.88:1	0.88:1	0.81:1	0.81:1
Acid test ratio	0.82:1	0.81:1	0.74:1	0.74:1
Solvability ratio	1.86:1	1.86:1	1.85:1	1.85:1
Total long-term debt to total revenue (gearing ratio) (excluding grants)*	49.73%	49.72%	41.45%	41.47%
Gearing ratio * (including grants)	38.91%	38.90%	34.02%	34.04%
Inventory turnover	2.50 times	2.50 times	2.62 times	2.62 times
Overdraft (cashbook) plus short-term loans to total operating revenue #	8.08%	7.75%	5.95%	5.71%
Cash to interest coverage	4.37:1	4.35:1	6.38:1	6.40:1
Capital charges to total operating revenue	10.81:1	10.79:1	10.25:1	10.24:1
Debt to cash ratio	2.62:1	2.64:1	1.67:1	1.66:1
Financing to capital expenditure ratio	0.39:1	0.39:1	0.15:1	0.15:1
Repairs & maintenance to annual operating revenue	8.30%	8.25%	7.37%	7.36%
Net debtors to total annual operating revenue	21.74%	21.53%	20.87%	20.75%
Borrowings to PPE Assets (%)	35.01%	35.03%	32.12%	32.15%
Debt coverage	31.87	31.88	46.98	46.97
Debt to equity	99.04	98.94	99.29	99.04
Cost coverage	1.00	0.93	1.02	0.96

* According to credit rating companies the bench mark for local government is a ratio of less than 50%

According to credit rating companies the benchmark for local government is a ratio of less than 5%

5.4 Government Grants and Subsidies

The following table shows the amounts received in terms of grants, contributions and subsidies from the Central Government and Gauteng Provincial Government, which amounts have been included in the total revenue.

Description	2013		2012 Restated	
	Group R'000	Municipality R'000	Group R'000	Municipality R'000
Equitable share	1 040 630	1 040 630	923 020	923 020
Primary Health Care subsidy	29 626	29 626	27 325	27 325
Emergency Management Subsidy	49 676	49 676	35 483	35 483
Equitable Share Fuel Levy	1 326 054	1 326 054	1 191 521	1 191 521
Operational grants and donations: Other	-	-	2 460	2 460
Finance Management Grant (FMG)	3 096	3 096	5 116	5 116
Department Water Affairs (DWA)	2 319	2 319	6 926	6 926
Housing top structure	45 363	45 363	93 057	93 057
HIV/AIDS	5 797	5 797	5 311	5 311
Community Library services	3 164	3 406	5 848	5 848
Public Transport Infrastructure System (operational)	38 179	38 179	3 645	3 645
Urban Settlement Development Grant	48 317	48 317	3 060	3 060
Incorporation grant	0	0	20 000	20 000
Capital grants and donations	2 151 545	2 151 545	1 224 657	1 224 657
	4 743 766	**4 744 008**	**3 547 429**	**3 547 429**

B SPENDING AGAINST CAPITAL BUDGET

5.4 CAPITAL EXPENDITURE

The tables below shows the budgeted capital expenditure per vote, standard classification and funding for FY 2012/13.

	2012/13														2011/12
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote															
Multi-year expenditure															
City Planning	5,200,000	-	5,200,000	-	-	5,200,000	3,998,040	-	(1,201,960)	77 %	77 %	-	-	-	966,800
City Strategies & Performance Management	1,500,000	(500,000)	1,000,000	-	-	1,000,000	643,785	-	(356,215)	64 %	43 %	-	-	-	-
Communications, Marketing & Events	1,500,000	-	1,500,000	-	-	1,500,000	1,171,191	-	(328,809)	78 %	78 %	-	-	-	-
Corporate & Shared Services	39,300,000	(18,000,000)	21,300,000	-	-	21,300,000	17,599,941	-	(3,700,059)	83 %	45 %	-	-	-	885,833
Emergency Services	37,200,000	(4,900,000)	32,300,000	-	-	32,300,000	32,085,249	-	(214,751)	99 %	86 %	-	-	-	27,481,076
Environmental Management	84,260,000	(3,700,000)	80,560,000	-	-	80,560,000	71,403,799	-	(9,156,201)	89 %	85 %	-	-	-	33,911,752
Financial Services	17,000,000	522,862	17,522,862	-	-	17,522,862	14,940,113	-	(2,582,749)	85 %	88 %	-	-	-	11,161,274
Health & Social Development	20,500,000	(6,882,911)	13,617,089	-	-	13,617,089	13,406,447	-	(210,642)	98 %	65 %	-	-	-	12,149,028
Housing & Human Settlement	438,777,704	5,500,000	444,277,704	-	-	444,277,704	465,861,386	21,583,682	21,583,682	105 %	106 %	-	-	-	603,548,307
Information & Communication Technology Management	81,655,000	59,194,177	140,849,177	-	-	140,849,177	165,853,211	25,004,034	25,004,034	118 %	203 %	-	-	-	196,464,858
Legal Services	1,000,000	-	1,000,000	-	-	1,000,000	840,329	-	(159,671)	84 %	84 %	-	-	-	-
Macro Economic Planning	11,651,000	(651,000)	11,000,000	-	-	11,000,000	10,980,084	-	(19,916)	100 %	94 %	-	-	-	1,896,867
Metro Police Services	36,500,000	100,000	36,600,000	-	-	36,600,000	35,670,363	-	(929,637)	97 %	98 %	-	-	-	24,894,041
Office of the Chief Audit Executive	14,000,000	-	14,000,000	-	-	14,000,000	7,861,628	-	(6,138,372)	56 %	56 %	-	-	-	396,476
Office of the Chief Whip	1,000,000	-	1,000,000	-	-	1,000,000	585,631	-	(414,369)	59 %	59 %	-	-	-	-
Office of the City Manager	63,067,000	126,597,920	189,664,920	-	-	189,664,920	185,261,307	-	(4,403,613)	98 %	294 %	-	-	-	50,304,201
Office of the Executive Mayor	1,500,000	-	1,500,000	-	-	1,500,000	1,139,214	-	(360,786)	76 %	76 %	-	-	-	-
Office of the Speaker	1,500,000	-	1,500,000	-	-	1,500,000	1,225,002	-	(274,998)	82 %	82 %	-	-	-	-
Regional Service Delivery	448,860,230	(16,121,395)	432,738,835	-	-	432,738,835	471,230,778	38,491,943	38,491,943	109 %	105 %	-	-	-	183,267,617
Research & Innovation	1,500,000	-	1,500,000	-	-	1,500,000	1,032,833	-	(467,167)	69 %	69 %	-	-	-	-
Service Infrastructure: Electricity	605,700,000	101,348,183	707,048,183	-	-	707,048,183	691,370,668	-	(15,677,515)	98 %	114 %	-	-	-	532,713,971
Service Infrastructure: Water and Sanitation	953,968,115	(68,710,132)	885,257,983	-	-	885,257,983	844,724,099	-	(40,533,884)	95 %	89 %	-	-	-	691,392,866
Sport and Recreation	15,800,000	(7,167,004)	8,632,996	-	-	8,632,996	7,050,264	-	(1,582,732)	82 %	45 %	-	-	-	5,447,215
Transport	1,226,407,850	198,390,696	1,424,798,546	-	-	1,424,798,546	1,370,349,300	-	(54,449,246)	96 %	112 %	-	-	-	607,830,949
Capital multi-year expenditure sub-total	4,109,346,899	365,021,396	4,474,368,295	-	-	4,474,368,295	4,416,284,662	85,079,659	(58,083,633)	99 %	107 %	-	-	-	2,984,813,131
Single-year expenditure															
Environmental Management	1,000,000	200,000	1,200,000	-	-	1,200,000	1,090,350	-	(109,650)	91 %	109 %	-	-	-	83,389
Housing and Human Settlement	74,200,000	-	74,200,000	-	-	74,200,000	66,163,984	-	(8,036,016)	89 %	89 %	-	-	-	13,517,000
Regional Service Delivery	6,500,000	(1,500,000)	5,000,000	-	-	5,000,000	7,936,609	2,936,609	2,936,609	159 %	122 %	-	-	-	29,577,293
Transport	162,000,000	(102,900,000)	59,100,000	-	-	59,100,000	59,027,794	-	(72,206)	100 %	36 %	-	-	-	88,008,403
Capital single-year expenditure sub-total	243,700,000	(104,200,000)	139,500,000	-	-	139,500,000	134,218,737	2,936,609	(5,281,263)	96 %	55 %	-	-	-	131,186,085
Total Capital Expenditure - Vote	4,353,046,899	260,821,396	4,613,868,295	-	-	4,613,868,295	4,550,503,399	88,016,268	(63,364,896)	99 %	105 %	-	-	-	3,115,999,216

	2012/13														2011/12
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
apital Expenditure - Standard															
overnance and administration	214,522,000	178,114,959	392,636,959	-	-	392,636,959	399,105,753	15,491,950	6,468,794	102 %	186 %	-	-	-	259,212,642
xecutive and council	73,067,000	136,397,920	209,464,920	-	-	209,464,920	200,872,238	-	(8,592,682)	96 %	275 %	-	-	-	50,735,200
udget and treasury office	2,000,000	22,862	2,022,862	-	-	2,022,862	1,592,388	-	(430,474)	79 %	80 %	-	-	-	1,624,818
orporate services	139,455,000	41,694,177	181,149,177	-	-	181,149,177	196,641,127	15,491,950	15,491,950	109 %	141 %	-	-	-	206,852,624
ommunity and public safety	1,035,694,639	(29,833,104)	1,005,861,535	-	-	1,005,861,535	1,066,490,173	67,419,570	60,628,638	106 %	103 %	-	-	-	803,323,103
ommunity and social services	63,614,000	(6,711,336)	56,902,664	-	-	56,902,664	51,618,114	-	(5,284,550)	91 %	81 %	-	-	-	70,622,119
port and recreation	284,150,000	(821,768)	283,328,232	-	-	283,328,232	342,964,021	59,635,789	59,635,789	121 %	121 %	-	-	-	44,632,075
ublic safety	72,200,000	(4,800,000)	67,400,000	-	-	67,400,000	66,256,421	-	(1,143,579)	98 %	92 %	-	-	-	52,375,117
ousing	563,230,639	(4,500,000)	558,730,639	-	-	558,730,639	566,514,420	7,783,781	7,783,781	101 %	101 %	-	-	-	622,647,069
ealth	52,500,000	(13,000,000)	39,500,000	-	-	39,500,000	39,137,197	-	(362,803)	99 %	75 %	-	-	-	13,045,923
conomic and environmental ervices	1,403,808,850	94,458,017	1,498,267,867	-	-	1,498,267,867	1,439,868,551	-	(58,399,316)	96 %	103 %	-	-	-	692,637,639
lanning and development	19,851,000	(1,031,679)	18,819,321	-	-	18,819,321	15,621,909	-	(3,197,412)	83 %	79 %	-	-	-	2,883,667
oad transport	1,376,457,850	95,490,696	1,471,948,546	-	-	1,471,948,546	1,417,438,979	-	(54,509,567)	96 %	103 %	-	-	-	685,376,325
nvironmental protection	7,500,000	-	7,500,000	-	-	7,500,000	6,808,663	-	(691,337)	91 %	91 %	-	-	-	4,397,647
rading services	1,663,311,410	18,080,524	1,681,391,934	-	-	1,681,391,934	1,612,869,735	-	(68,522,199)	96 %	97 %	-	-	-	1,328,388,252
lectricity	617,800,000	101,348,183	719,148,183	-	-	719,148,183	705,919,395	-	(13,228,788)	98 %	114 %	-	-	-	579,468,433
ater	191,612,930	29,185,121	220,798,051	-	-	220,798,051	203,483,643	-	(17,314,408)	92 %	106 %	-	-	-	178,328,179
aste water management	801,398,480	(113,352,780)	688,045,700	-	-	688,045,700	662,083,933	-	(25,961,767)	96 %	83 %	-	-	-	562,848,699
aste management	52,500,000	900,000	53,400,000	-	-	53,400,000	41,382,764	-	(12,017,236)	77 %	79 %	-	-	-	7,722,941
ther	35,710,000	-	35,710,000	-	-	35,710,000	35,115,470	-	(594,530)	98 %	98 %	-	-	-	32,437,579
ther	35,710,000	-	35,710,000	-	-	35,710,000	35,115,470	-	(594,530)	98 %	98 %	-	-	-	32,437,579
otal Capital Expenditure - Standard	4,353,046,899	260,821,396	4,613,868,295	-	-	4,613,868,295	4,553,450,682	82,911,520	(60,417,613)	99 %	105 %	-	-	-	3,116,889,216
unded by:															
ational Government	1,847,609,855	125,055,181	1,972,665,036	-		1,972,665,036	1,949,556,844		(23,108,192)	99 %	106 %				1,142,796,488
rovincial Government	61,867,000	129,283,095	191,150,095	-		191,150,095	187,208,469		(3,941,626)	98 %	303 %				67,996,367
ther transfers and grants	14,355,044	515,977	14,871,021	-		14,871,021	14,780,221		(90,800)	99 %	103 %				14,999,945
ransfers recognised - capital	1,923,831,899	254,854,253	2,178,686,152	-		2,178,686,152	2,151,545,534		(27,140,618)	99 %	112 %				1,225,795,800
ublic contributions & donations	88,571,223	-	88,571,223	-		88,571,223	86,435,401		(2,135,822)	98 %	98 %				-
orrowing	1,640,000,000	500,000,000	2,140,000,000	-		2,140,000,000	2,126,587,938		(13,412,062)	99 %	130 %				-
ternally generated funds	700,643,777	(494,032,857)	206,610,920	-		206,610,920	185,934,531		(20,676,389)	90 %	27 %				1,890,203,416
otal Capital Funding	4,353,046,899	260,821,396	4,613,868,295	-		4,613,868,295	4,550,503,404		(63,364,891)	99 %	105 %				3,116,889,216

C CASH FLOW MANAGEMENT

5.5 CASH FLOW

The table below shows the cash flow statement for Financial Year 2012/13.

	2013								2012
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Final Budget Rand	Actual Outcome Rand	Variance Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Restated Audited Outcome Rand
Cash flow from operating activities									
Receipts									
Ratepayers and other	16,059,839,772	(27,914,996)	16,031,924,776	16,031,924,776	14,584,862,699	(1,447,062,077)	91 %	91 %	15,025,073,028
Government - operating	2,566,684,104	117,417,257	2,684,101,361	2,684,101,361	2,592,462,962	(91,638,399)	97 %	101 %	2,322,772,413
Government - capital	1,923,831,899	254,854,254	2,178,686,153	2,178,686,153	2,151,373,223	(27,312,930)	99 %	112 %	1,224,657,073
Interest	67,528,240	1,086,160	68,614,400	68,614,400	62,828,000	(5,786,400)	92 %	93 %	52,933,829
Payments									
Suppliers and employees	(17,844,226,422)	(105,549,411)	(17,949,775,833)	(17,949,775,833)	(16,217,725,484)	1,732,050,349	90 %	91 %	(13,928,725,018)
Finance charges	(781,168,992)	135,658,790	(645,510,202)	(645,510,202)	(739,550,746)	(94,040,544)	115 %	95 %	(632,067,008)
Transfers and Grants	(21,201,500)	-	(21,201,500)	(21,201,500)	(17,290,290)	3,911,210	82 %	82 %	(21,495,790)
Net cash flow from/used operating activities	2,771,287,101	375,652,062	3,146,939,163	3,146,939,163	3,216,960,372	70,121,209	102 %	116 %	4,036,140,522
Cash flow from investing activities									
Receipts									
Proceeds on disposal of PPE	-	-	-	-	(98,231,605)	(98,231,605)	- %	- %	(82,520,092)
Decrease (increase) in financial assets	207,434,199	(198,767,420)	88,666,779	88,666,779	(19,663,760)	(108,330,539)	(22)%	(7)%	54,914,064
Payments									
Capital assets	(4,057,540,695)	(238,152,505)	(4,295,693,200)	(4,295,693,200)	(4,432,484,443)	(136,791,163)	103 %	109 %	(4,666,720,744)
Net cash flow from/used investing activities	(3,770,106,496)	(436,920,005)	(4,207,026,501)	(4,207,026,501)	(4,550,379,808)	(343,353,307)	108 %	121 %	(4,694,326,772)
Cash flow from financing activities									
Receipts									
Short term loans	-	-	-	-	-	-	- %	- %	-
Borrowing long term/refinancing	1,640,000,000	500,000,000	2,140,000,000	2,140,000,000	2,140,000,000	-	100 %	130 %	1,022,303,530
Payments									
Repayment of borrowing	(297,361,141)	(60,394,717)	(357,755,858)	(357,755,858)	(397,387,711)	(39,631,853)	111 %	134 %	(306,788,414)
Net cash flow from/used financing activities	1,342,638,859	439,605,283	1,782,244,142	1,782,244,142	1,742,612,289	(39,631,853)	98 %	130 %	715,515,116
Net increase/(decrease) in cash held	343,819,464	378,237,340	722,056,804	722,056,804	409,192,853	(312,863,951)	57 %	119 %	57,328,866
Cash/cash equivalents at the year begin:	1,219,703,381	(256,099,825)	963,603,556	963,603,556	967,778,428	295,332	100 %	79 %	910,441,580
Cash/cash equivalents at the year end:	1,563,522,845	122,137,515	1,685,660,360	1,685,660,360	1,376,971,281	(312,588,619)	82 %	88 %	967,778,428

6 REPORT OF THE AUDITOR-GENERAL

A AUDITOR-GENERAL OPINION OF PREVIOUS YEAR

6.1 AUDITOR-GENERAL REPORTS YEAR -1 (FY 2011/12)

The City of Tshwane achieved an unqualified audit in the 2011/12 Financial Year. Corrective measures were identified in the City of Tshwane's Annual Report for 2011/12, so as to address the matters of emphasis raised by the Auditor-General as well as other and regulatory requirements. The section below outlines progress with regard to the corrective measures.

6.1.1 AUDITOR-GENERAL OPINION ON THE FINANCIAL STATEMENTS

The AG identified matters of emphasis in relation to the financial statements. The table below summarises the findings of the AG and the proposed corrective measures of the City.

Table 145: Matters of emphasis regarding the City of Tshwane

Finding	Explanation	Corrective measure	Implementation
8. Significant uncertainties	In relation to the Municipality being a defendant in court cases and the provision for any liabilities that may result.	Control measures to minimise the risks of legal cases against the City were to be implemented.	Controls to minimise the risks of legal cases were implemented. This was reflected in the lower number of contingent liabilities.
9. Restatement of corresponding figures	Restatements due to errors were discovered, among others in relation to – • correction of depreciation on library books; • first-time take-on of library books; • fair value restatement of library books.	All reasonable steps would be taken to prevent a re-occurrence. However, in some instances, restatement could not be avoided due to new requirements of accounting standards.	All reasonable steps were taken to mitigate and minimise restatements due to errors discovered.
10–11 Material losses	Water and electricity distribution losses.	Control measures to minimise material losses were in place and would have to be improved regularly.	Controls to minimise and mitigate material losses were effective. This was reflected in the lower overall percentage of water and electricity losses.

Finding	Explanation	Corrective measure	Implementation
12. Material impairments	Impairments of receivables – consumer debtors.	Effective credit control measures were implemented, resulting in accelerated revenue collection for business and government accounts, and this would continue.	Management's controls were effective and this was reflected in the lower movement in terms of the impairment of consumer debtors for the year under review.

6.1.2 AUDITOR-GENERAL OPINION IN RELATION TO THE PERFORMANCE REPORT

The following tables summarise progress on the findings regarding the performance reporting of the City of Tshwane and its entities in terms of legal and other regulatory matters.

Table 146: Report on legal and other regulatory matters: City of Tshwane

Finding	Explanation	Corrective measure	Implementation
19. Accuracy	Insufficient source document evidence to support reported performance.	Implement controls related to the documentation and verification of evidence. All departments had to report monthly and supply supporting evidence. Measures had to be taken when departments did not comply with reporting processes.	Measures were implemented to develop audit files progressively throughout the year. At year end, additional verification of results took place, to supplement the quarterly auditing of results.
34. Material adjustments in the annual performance report	Correction of certain reported information during the audit. Inconsistent reporting of departments necessitated re-audits and corrections.	The performance management system was being reviewed to ensure that all aspects of the performance management system met legislative requirements, including the development of audit files and timeous reporting. Two circulars on performance reporting (circular 1 and circular 2 of 2012) were developed and were being implemented).	

Table 147: Report on legal and other regulatory matters: Sandspruit Works Association

Finding	Explanation	Corrective measure	Implementation
20. Usefulness of information	Measures taken to improve performance not disclosed.	The City of Tshwane shareholder unit was to quality-assure performance reports of the entities. The entities were to report as per legislation, disclose measures to improve performance and supply evidence.	There were delays in the implementation of the shareholder unit. However, work was underway to have the reports of the entities quality-assured by the shareholder unit. The entities attended the OPCA meetings of the City Manager and the Executive Mayor to improve performance reporting.

B AUDITOR-GENERAL OPINION YEAR 0 (FY 2012/13)

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE CITY OF TSHWANE METROPOLITAN MUNICIPALITY

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

1. I have audited the consolidated and separate financial statements of the City of Tshwane Metropolitan Municipality (municipality) set out on pages 352 to xx, which comprise the consolidated and separate statement of financial position as at 30 June 2013 and the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement, statement of comparison of budget and actual amounts for the year then ended, and the notes comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide

a basis for my audit opinion.

Opinion

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the municipality and its entities as at 30 June 2013, and their financial performance and cash flow for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DORA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Significant uncertainties

8. As disclosed in note 55 to the consolidated financial statements, the municipality and its entities are the defendants in a number of legal claims. The ultimate outcome of these matters cannot presently be determined, and no provision for any liabilities that may result has been made in the financial statements.

Restatement of corresponding figures

9. As disclosed in note 47 to the consolidated financial statements, the corresponding figures for 30 June 2012 have been restated as a result of various errors discovered during the year ended 30 June 2013.

Material losses

10. As disclosed in note 60 to the consolidated financial statements, material losses amounting to R404 550 339 (2012: R389 334 506) were incurred as a result of water distribution losses, which represent 22,7% (2012: 24,2%) of total water available for sale. The total technical losses of water amounted to R312 482 476 (2012: R302 883 311). Non-technical losses amounted to R92 067 863 (2012: R86 451 195) and are due to burst pipes, non-metering of water and unauthorised consumption.

11. As disclosed in note 61 to the consolidated financial statements, material losses amounting to R622 720 993 (2012: R651 130 111) were incurred as a result of electricity distribution losses which represent 11,03% (2012: 12,11%) of total electricity available for sale. The total technical losses of electricity amounted to R395 199 179 (2012: R322 607 817). Non-technical losses amounted to R227 521 814 (2012: R328 522 294) and are due to theft, tampering and faulty meters.

Material impairment

12. As disclosed in note 22 to the consolidated financial statements, receivables have been significantly impaired. The impairment of receivables amounts to R3 741 379 797 (2012: R2 945 403 331) which represent 53% (2012: 50%) of consumer debtors .The contribution to provision for debt impairment was R795 976 466 (2012: R711 479 414).

Additional Matters

13. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

14. The supplementary information set out on pages xx to xx does not form part of the consolidated financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 258 to 289 of the annual report.

17. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

    The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

18. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matters

19. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matters below.

Achievement of planned targets

20. Of the total number of 40 targets planned for the year for the municipality, nine targets were not achieved during the year under review. This represents 23% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.

Material adjustments to the annual performance report

21. Material audit adjustments in the annual performance report were identified during the audit, all of which were corrected by management.

Compliance with laws and regulations

22. I performed procedures to obtain evidence that the municipality and its municipal entities has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

Budget

23. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

24. The total unforeseen and unavoidable expenditure incurred exceeded R15 million in contraventions of Municipal Budget and Reporting Regulation 72.

Annual financial statements

25. The consolidated financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements in the revenue, receivables, property, plant and equipment, intangibles, unspent conditional grant, cash flow statement and disclosure notes for the municipality, identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

26. Contracts and quotations were awarded by the municipality to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by National Treasury's Municipal Supply Chain Management regulation (SCM regulation)13(c).

27. Awards were made to providers who are in the service of the municipality in contravention of section 112(j) of the MFMA and SCM regulations 44. Furthermore the provider failed to declare that he/she was in the service of the municipality, as required by SCM regulation 13(c) and regulation 46(2)(e) and the code of conduct for staff members issued in terms of the Municipal Systems Act, 2000 (Act No 32 of 2000) (MSA).

28. Awards were made by the municipality to providers who are in the service of other state institutions or whose directors/ principal shareholders are in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulations 44. Similar awards were identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).

29. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by SCM regulation 46(2)(e), the code of conduct for councillors issued in terms of the MSA and the code of conduct for staff members issued in terms of the MSA.

Expenditure management

30. Steps taken were not effective to fully prevent and detect unauthorised and irregular expenditure as required by section 62(1) (d) of the MFMA.

Internal control

31. I considered internal control relevant to my audit of the consolidated financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Leadership

32. Leadership did not adequately perform oversight responsibility over financial reporting as material adjustments were required on the financial statements.

Financial and performance management

33. The consolidated financial statement preparation and review process were found to be inadequate in certain instances resulting in material adjustments to the financial statements. Non compliance with laws and regulations such as the MFMA and SCM regulations could have been prevented had compliance been properly reviewed and monitored.

OTHER REPORTS

Investigations

34. In terms of the Proclamation No. R 62, dated 8 November 2010, the President of South Africa has assigned the Special Investigating Unit to investigate various issues on the state of affairs of the municipality. The investigation includes supply chain management, fraud and financial misconduct.

35. The forensic audit section of the internal audit division investigated 119 cases of which 23 cases were finalised for the financial year under review. The nature of the cases covered a wide spectrum of activities including supply chain management, fraud and financial misconduct.

36. An allegation of procurement irregularity/corruption in tender process stemming from a forensic investigation report was followed up. It was concluded that there were instances of splitting of quotations involving four companies and five City of Tshwane buyers contravened section 12(3) of the MFMA Act 56 of 2003 and SCM policy by splitting quotations.

37. An investigation is being conducted relating to the supply chain management process followed by the City of Tshwane during the appointment of a panel of financial and legal advisors for revenue enhancement. The investigation was still ongoing at the reporting date.

Agreed upon procedures

As requested by the municipality, agreed upon procedure engagements were conducted during the year under review concerning the first and second issue of R2 140 000 000 notes under the Domestic Medium Term Note Programme. The reports covered the period July 2012 to April 2013 and were issued on 3 April 2013 and 5 June 2013 and no exceptions were reported in terms of the agreed upon procedure reports issued.

Auditor-General

Johannesburg

13 December 2013

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

GLOSSARY

Table 148: Glossary

Accessibility indicator	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability document	A document used by executive authorities to give a "full and regular" report on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and annual reports.
Activity	The process or action that uses a range of inputs to produce the desired output and ultimately outcome. In essence, activities describe "what we do".
Adequacy indicator	The quantity of input or output relative to the need or demand.
Adverse audit opinion	The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements
Annual report	A report to be prepared and submitted annually based on the regulations set out in section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved budget	The annual financial statements of a municipality as audited by the Auditor-General and approved by the municipality's council or a provincial or national executive.
Audit of reporting on predetermined objectives	Legislation requires auditees to report against their predetermined objectives and to submit such annual performance reports for auditing. The objective of the AG audit of predetermined objectives is to determine whether the reported performance against auditees' predetermined objectives in the annual performance report is useful and reliable in all material respects, based on predetermined criteria. This means that the reported performance information must be valid, accurate and complete.
Audit of compliance with legislation	Legislation sets out the activities that auditees are charged with in serving the citizens and stipulate any limits or restrictions on such activities, the overall objectives to be achieved, and how due process rights of individual citizens are to be protected. Auditees are subject to legislation such as the Municipal Finance Management Act and the Municipal Systems Act, of which the objectives are proper financial management and performance management, transparency, accountability, stewardship and good governance. The Public Audit Act requires the AG to audit compliance with legislation applicable to financial matters, financial management and other related matters each year. Material instances of non-compliance are reported in the audit report. To enhance accountability, auditees must identify and fully disclose any unauthorised, irregular as well as fruitless and wasteful expenditure incurred. In most part, such expenditure is incurred as a result of non-compliance with legislation.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The Financial Year for which an annual budget is to be approved, which year ends on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.

Clean audit outcome[32]	The financial statements are free from material misstatements (in other words, a financially unqualified audit opinion) and there are no material findings on reporting on performance objectives or non-compliance with legislation
Disclaimer of audit opinion	The auditee provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements.
Distribution indicator	The distribution of capacity to deliver a service.
Financial statement	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
Financially unqualified audit opinion	The financial statements contain no material misstatements. Unless we express a clean audit outcome, findings have been raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects.
General key performance indicator	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Input	All the resources that contribute to the production and delivery of an output. Inputs are "what we use to do the work". They include finances, staff, equipment and buildings.
Integrated Development Plan (IDP)	Sets out municipal goals and development plans.
National key performance area	Any of the following: • Service delivery and infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcome	The medium-term result for specific beneficiaries, which result is the consequence of achieving a specific output. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Output	The final product, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (a product such as a passport, an action such as a presentation or immunisation, or a service such as processing an application) that contributes to the achievement of a key result.
Performance indicator	An indicator should be specified to measure performance in relation to input, activity, output, outcome and impact. An indicator is information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).
Performance information	A generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.

[32] Source: Auditor General SA

Performance standard	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS, performance standards are divided into indicators and the time factor.
Performance target	The level of performance that a municipality and its employees strive to achieve. Performance targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Qualified audit opinion	The financial statements contain material misstatements in specific amounts, or there is insufficient evidence for us to conclude that specific amounts included in the financial statements are not materially misstated
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services, including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote	Section 1 of the MFMA defines a vote as: *a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and* *b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.*

Appendices

APPENDIX A: ESTABLISHMENTS LACKING BASIC SERVICES

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	**Water**	**Sanitation**	**Electricity**	**Solid Waste Collection**
Schools (NAMES, LOCATIONS)				
Thorntreeview Primary School			X	
Zithobeni Secondary School			X	
				T P

VOLUME 11: ANNUAL FINANCIAL STATEMENTS

CITY OF
TSHWANE
IGNITING EXCELLENCE

CITY OF TSHWANE METROPOLITAN MUNICIPALITY

Consolidated Annual Financial Statements
for the year ended 30 June 2013

City of Tshwane Metropolitan Municipality
Consolidated Annual Financial Statements for the year ended 30 June 2013

General Information

Legal form of entity	Category A Municipality in terms of section 1 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) read with section 155(1) of the Constitution of the Republic of South Africa (Act 108 of 1996)
Executive Mayor	Ramokgopa, Kgosientso
Speaker	Mosupyoe-Lesholo, Morakane
Chief Whip	Mabona, Jabulane
Mayoral committee	
Members	Mabiletsa, Dorothy (Ms) (MMC: Finance)
	Mabusela, Eulanda (MMC: Health and Social Development
	Makeke, Nozipho Tyobeka (MMC: Sport and Recreational Services)
	Masango, Jacob (MMC: Services and Infrastructure)
	Mashaba, Petunia (MMC: Agriculture and Environmental Management)
	Mashego, Terence (MMC: Community Safety and Emergency Services)
	Matjila, George (MMC: Transport)
	Mmoko, Thembi (MMC: Corporate and Shared Services)
	Ngonyama, Joshua (MMC: Housing and Sustainable Human Settlement Development)
	Pillay, Subesh (MMC: Economic Development and Planning)
Grading of local authority	Category A Grade 6 Urban Municipality (Demarcation code - TSH)
Accounting Officer	Ngobeni, Jason
	Telephone: 012-358 4901
Chief Finance Officer (CFO)	Dyakala, Andile
	Telephone: 012-358 8100
Registered office	Isivuno House
	cnr Madiba Rd and Lillian Ngoyi Street
	PRETORIA
	0002
Postal address	P O Box 408
	PRETORIA
	0002
Bankers	Standard Bank
Auditors	Auditor-General South Africa (AGSA)
Legislation governing the municipality's operations	
	Local Government: Municipal Finance Management Act (Act 56 of 2003)
	Local Government: Municipal Systems Act (Act 32 of 2000)
	Local Government: Municipal Structures Act (Act 117 of 1998)
	Housing Act (Act 107 of 1997)
	Constitution of the Republic of South Africa (Act 108 of 1996)
	Property Rates Act (Act 6 of 2004)
	Division of Revenue Act (Act 1 of 2007)
Entities consolidated	Consistent with the prior financial year the following Municipal entities will be included in the Consolidated Annual Financial Statements:
	Housing Company Tshwane NPC (Registration nr 2001/029821/08)
	Sandspruit Works Association Soc Ltd (Registration nr 1999/019160/08)
	Tshwane Economic Development Agency Soc Ltd (TEDA) (Registration nr 2006/019396/07)
Entities dormant	Metsweding Economic Development Agency (MEDA) - Council decision of 25 August 2011 to disestablish MEDA. All operations were taken over by the City of Tshwane on 1 July 2011. Deregistration still in progress.

Index

The reports and statements set out below comprise the consolidated annual financial statements presented to the provincial legislature:

The following supplementary information does not form part of the consolidated annual financial statements and is unaudited:

Appendixes:

Certification by City Manager

The accounting officer is required by the Local Government: Municipal Finance Management Act (Act 56 of 2003) to maintain adequate accounting records and is responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the consolidated annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent audit opinion on the consolidated annual financial statements and are given unrestricted access to all financial records and related data of the group.

The consolidated annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The consolidated annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the group and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal controls aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

I am responsible for the preparation of these consolidated annual financial statements, which are set out from pages 16 to 173, in terms of Section 126(1) of the Local Government: Municipal Finance Management Act and which I have signed on behalf of the group.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 30 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government’s determination in accordance with this Act.

Jason Ngobeni
CITY MANAGER

Pretoria

30 September 2013

Report of the Chief Financial Officer

1. INTRODUCTION

The 2012/13 financial year marked the beginning of an exciting and dynamic new phase in the growth and development of the municipality. This year has seen the ushering in of a “Game change approach” for the City, which will ensure that residents see the beginning of an efficient and prosperous Capital City. These changes are concentrated in the following areas of development and implementation:

- Launch of Security Revenue
- Inner City regeneration (formerly known as Re Kgabisa Tshwane)
- West Capital Precinct Development
- Bus Rapid Transport System, and
- Smart City Initiative

“In 2055, Tshwane will be a livable, resilient and inclusive city with a cohesive society enjoying a high quality of life, access to social and economic opportunities and partnership in the development and advancement of human rights.” *Tshwane – My City, South Africa’s Capital.*

The following strategic objectives outlined in the Infrastructure Development Programme (IDP) inform all the operations of the City of Tshwane:

- Provide basic services, roads and storm water
- Economic growth and development and job creation
- Sustainable communities with clean, healthy and safe environments and integrated social services
- Participatory democracy and batho pele
- Sound governance
- Financial sustainability
- Organisational development and transformation

The National Treasury Budget Review 2012 noted that the South African economy has demonstrated resilience despite unsettled international economic conditions. It was further indicated by National Treasury that municipal revenues and cash flows are expected to steadily improve during 2012/13, but given the fact that the likely recovery is not guaranteed, municipalities should still adopt a conservative approach when projecting their expected revenues and cash flows.

The domestic outlook remains positive over the medium term, meaning that is now the time to invest in our city. The credit rating agency announced a good credit rating (refer to paragraph 14) for the municipality and this places the municipality in a competitive advantage as it is now in a position to fund infrastructure capital investment projects at a competitive rate. The 2012/13 financial year also marked the issuing of the municipality’s inaugural municipal bond, “The Tshwane Bond”.

2. Operational and Financial Performance Review

The City of Tshwane, during the State of the City Address, highlighted the need to promote sound and good governance. In our pursuit for a clean audit opinion, the City has institutionalized the concept of Operation Clean Audit (OPCA) to the extent of nominating 28 OPCA Officers from all departments and regional offices within the City.

The slogan of the City, namely “Igniting Excellence” has made huge strides within the 2012/13 financial year and it is with pride that I, as the Chief Financial Officer present the annual financial statements for the year ended 30 June 2013 as part of igniting excellence.

It is our responsibility to ensure that the annual financial statements of the City of Tshwane present the financial position of the City and financial performance and cash flows for the year ended required by South African Standards of Generally Recognised Accounting Practice and the Municipal Finance Management Act 56 of 2003. The management and leadership of the City played a significant role to fulfill this mandate and responsibility, thereby also managing limited resources and economic condition challenges while focusing on effective service delivery.

City of Tshwane Metropolitan Municipality
Consolidated Annual Financial Statements for the year ended 30 June 2013

Report of the Chief Financial Officer

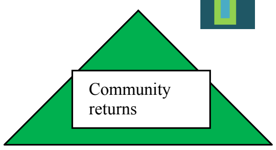
For the year ended 30 June 2013 the City of Tshwane showed growth in revenue, capital expenditure and uncompromising commitment to the people of Tshwane to support social infrastructure despite the resources being constrained. Indeed the people of Tshwane come first.

A report on a cash-flow turnaround strategy and initiatives was approved by the Mayoral Committee on 7 October 2009 and thereafter it was indicated that the cash-flow strategy and initiatives must remain in force until further notice. In a memorandum – by the City Manager – dated 24 November 2011 strengthened cash flow strategies and initiatives were introduced. In conjunction with these strengthened strategies and initiatives additional austerity measures were implemented during the compilation of the 2012/13 MTREF (Medium Term Revenue and Expenditure Framework) which together with the role of senior management in budgeting and cash flow management contributed to a positive cash flow position and the maintaining of medium and long-term financial sustainability of the City.

The budget was compiled conservatively, focusing on capital projects for backlog eradication and aiming to do away with expenses on “nice to have” and non-essential activities.

City of Tshwane financial framework:-

Assessment rates and service charges	Grants and subsidies	Other revenue	Total revenue	Total expenditure	Surplus
Up 11.85% to R 15.669 billion Group up 11.72% to R15.642 billion	Up 33.73% to R4.744 billion Group up 33.72% to R4.744 billion	Up 5.29 % to R0.666 billion Group up 6.39% to R0.670 billion	Up 10.15% to R21.796 billion Group up 10.05% to R21.795. billion	Up 11.81% to R19.808 billion Group up 11.53% to R19.885 billion	Down 4.73% to R1.887 billion Group down 3.25% to R1.910 billion
Assessment Rates Service Charges		Employee Costs		General Expenditure Bulk Purchases	
Economic infrastructure Social infrastructure			Finance cost Surplus Cash generation		



The City of Tshwane’s financial framework is shown to indicate strong operational performance allowing the group to pay its finance costs and interest.

3. ACCOUNTING FRAMEWORK FOR 2012/13

During 2012/13 considerable changes to the accounting framework were implemented as a result of new accounting standards that became effective from 1 July 2012. The following accounting standards became effective from 1 July 2012:

- GRAP 21: Impairment of Non-cash generating assets
- GRAP 23: Non-exchange revenue
- GRAP 24: Budget information
- GRAP 26: Impairment of Cash-generating assets
- GRAP 103: Heritage assets
- GRAP 104: Financial instruments

The impact and effect that the implementation of these 6 new accounting standards had on the financial statements are discussed in detail in the notes to the financial statements, but in most instances the implementation of these standards leads to better and more disclosures.

Report of the Chief Financial Officer

4. FINANCIAL STATISTICS AND FINANCIAL RATIO'S

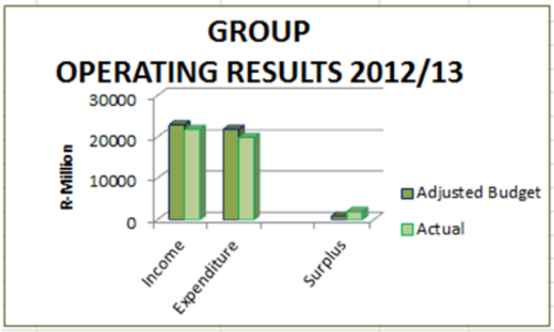
Financial statistics	2012/13		2011/12 Restated	
	Group	Municipality	Group	Municipality
Cash and Investment balances (R- thousand)	R1 376 971	R1 322 122	R967 778	R927 954
Growth in total revenue (%)	10.05%	10.2%	9.5%	30.2%
Growth in total expenditure (%)	11.53%	11.8%	23.8%	23.6%
Growth in grants (%)	33.7%	33.7%	41.6%	41.6%
Growth in assessment rates (%)	19.1%	19.1%	16.3%	15.2%
Growth in service charges (%)	9.4%	9.6%	23.8%	23.8%
Growth in capital expenditure (%)	46.0%	46.0%	38.9%	38.9%
Surplus (R-thousand)	R1 909 988	R1 887 399	R1 974 196	R1 981 003
Growth in total gross debtors (%)	17.4%	17.7%	18.4%	15.5%
Growth in total net debtors (%)	9.3%	9.0%	9.6%	8.2%
Growth in net consumer debtors (%)	14.3%	13.9%	7.4%	5.5%

5. REVIEW OF OPERATING RESULTS

The 2012/13 budget of the City of Tshwane was approved by Council on 31 May 2012 and the Adjustment Budget was approved by Council on 28 February 2013.

5.1 General

Details of the 2012/13 operating results per department and classification of revenue and expenditure are included in the Statement of Financial Performance. Below is a graphical presentation of the operating results:



The overall operating results for the year ending 30 June 2013 are as follows:

Description	Adjusted Budget 2013 Municipality R'000	Adjusted Budget 2013 Group R'000	Actual 2013 Municipality R'000	Actual 2013 Group R'000	Variance Actual/ Adjusted Budget %	Actual 2012 Restated Municipality R'000	Actual 2012 Restated Group R'000
Accumulated surplus: Beginning of year			11 556 485	11 586 461		2 224 288	2 261 070
Operating revenue for the year	22 507 250	22 907 804	21 795 507	21 795 520	4.86	19 786 651	19 804 267
	22 507 250	**22 907 804**	**33 351 992**	**33 381 981**		**22 010 939**	**22 065 337**
Operating expenditure for the year	20 371 062	20 771 616	19 908 107	19 885 533	4.27	17 805 648	17 830 071
Sundry transfers *	2 136 188	2 136 188	(5 535)	(5 535)		(7 351 194)	(7 351 195)
Accumulated surplus: End of year			13 449 420	13 501 983		11 556 485	11 586 461
	22 507 250	**22 907 804**	**33 351 992**	**33 381 981**		**22 010 939**	**22 065 337**

* Sundry transfers consist of transfers from the reserves as the Housing Development Fund and Insurance reserve.

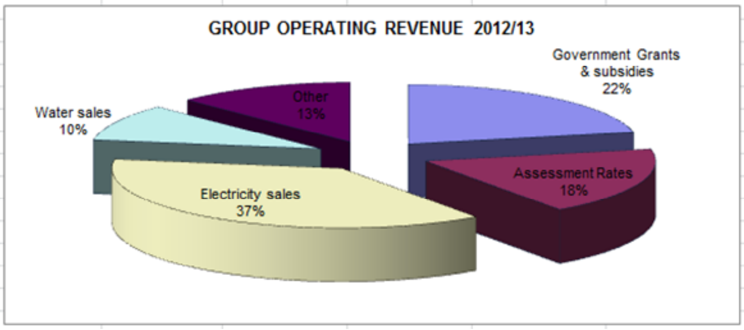
The actual net expenditure of the Municipality reflects an increase of 11.81% while the actual revenue of the Municipality has increased by 10.15% since 2011/12. The largest increase on revenue occurred on

Assessment rates (19.1%), service charges (9.46%), government grants and subsidies (33.7%). For the group the actual expenditure reflects an increase of 11.53% while the actual revenue increased by 10.05%.

The largest increase on expenditure occurred on remuneration (10.2%), bulk purchases (8.5%), repair and maintenance (18.1%), general expenditure (16.9%), depreciation (7.2%), debt impairment (6.0%) and finance cost (16.9%).

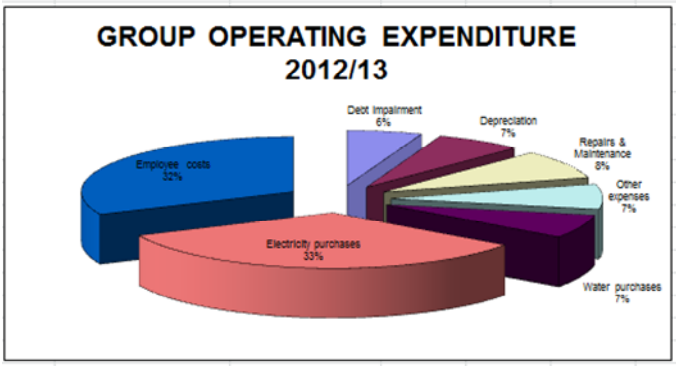
5.2 Operating Revenue

The following graph indicates a breakdown of the largest categories of revenue.



5.3 Operating expenditure

The graph below indicates the breakdown per main expenditure group.



5.4 Remuneration

The actual expenditure on remuneration for the municipality expressed as a percentage of the total expenditure shows an almost negligible decrease from 26.62% in 2011/12 to 26.25% in 2012/13. This decrease of 0.37% is due to the fact that the remuneration increased at a slightly lower percentage (10.24%) compared to the increase in the total expenditure (11.81%). For the group remuneration as a percentage of total expenditure decreased from 27.00% to 26.68% since 2011/12.

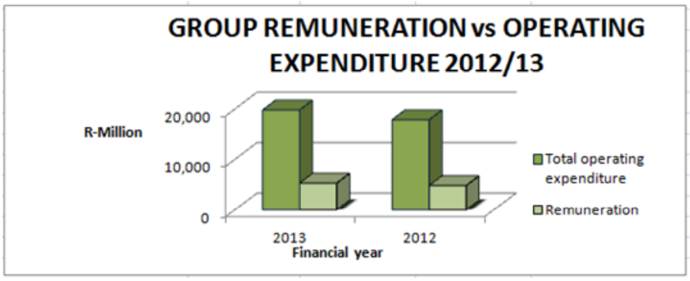
According to Infrastructure Finance Corporation Limited (INCA) a benchmark of less than 35 % is acceptable. The total remuneration cost and the allocation of individual items in a remuneration package differ from municipality to municipality for example; certain municipalities are more contracts intensive whilst others might be more labour intensive. In terms of the Restructuring grant, the target for remuneration as a percentage of revenue is 33 %.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Report of the Chief Financial Officer

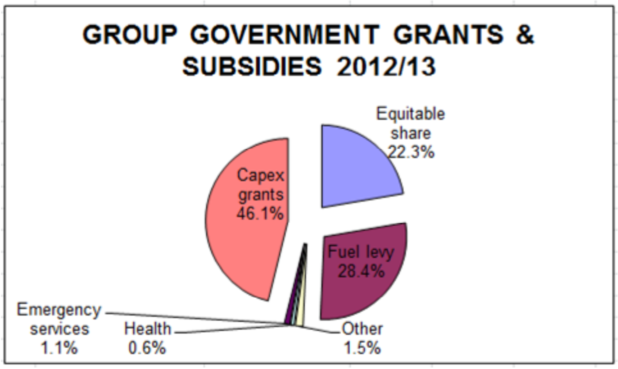
Description	2013		2012 Restated	
	Group	Municipality	Group	Municipality
	R'000	R'000	R'000	R'000
Total operating expenditure	19 885 533	19 908 107	17 830 071	17 805 648
Total operating revenue	21 795 520	21 795 507	19 804 267	19 786 651
Employee remuneration	5 304 970	5 225 703	4 815 285	4 739 894
Ratio: % of total expenditure	26.68%	26.25%	27.00%	26.62%
Ratio: % of total revenue	24.34%	23.98%	24.31%	23.96%
% Growth in remuneration	10.17%	10.24%	11.9%	11.9%



5.5 Government grants and subsidies

The following table and graph show the amounts received in terms of grants, contributions and subsidies from the Central Government and the Gauteng Provincial Government, which amounts have been included in the total revenue:

Description	2013		2012 Restated	
	Group	Municipality	Group	Municipality
	R'000	R'000	R'000	R'000
Equitable share	1 040 630	1 040 630	923 020	923 020
Primary Health Care subsidy	29 626	29 626	27 325	27 325
Emergency Management Subsidy	49 676	49 676	35 483	35 483
Equitable Share Fuel Levy	1 326 054	1 326 054	1 191 521	1 191 521
Operational grants and donations: Other	-	-	2 460	2 460
Finance Management Grant (FMG)	3 096	3 096	5 116	5 116
Department Water Affairs (DWA)	2 319	2 319	6 926	6 926
Housing top structure	45 363	45 363	93 057	93 057
HIV/AIDS	5 797	5 797	5 311	5 311
Community Library services	3 164	3 406	5 848	5 848
Public Transport Infrastructure System (operational)	38 179	38 179	3 645	3 645
Urban Settlement Development Grant	48 317	48 317	3 060	3 060
Incorporation grant	0	0	20 000	20 000
Capital grants and donations	2 151 545	2 151 545	1 224 657	1 224 657
	4 743 766	**4 744 008**	**3 547 429**	**3 547 429**



6. ANALYSIS OF FINANCIAL POSITION AS AT 30 JUNE 2013

Type	2013		2012 Restated		Variance (R)	Variance
	Group	Municipality	Group	Municipality	Group	Group
	R'000	R'000	R'000	R'000	R'000	%
Current assets	5 608 137	5 512 677	4 889 806	4 822 158	718 331	14.69
Non-current assets	24 416 400	24 390 773	21 158 061	21 130 618	3 258 339	15.40
Total Assets	**30 024 537**	**29 903 450**	**26 047 867**	**25 952 776**	**3 976 670**	**15.27**
Current liabilities	6 340 321	6 274 676	6 018 493	5 956 629	321 828	5.34
Non-current liabilities	9 817 616	9 814 736	8 072 761	8 069 508	1 744 855	21.61
Total liabilities	**16 157 937**	**16 089 412**	**14 091 254**	**14 026 137**	**2 066 683**	**14.67**
Net Assets	**13 866 601**	**13 814 037**	**11 956 614**	**11 926 639**	**1 909 987**	**15.97**

The following is a summary of the most critical ratios:

Financial Statistics	2013		2012 Restated	
	Group	Municipality	Group	Municipality
Current asset ratio	0.88:1	0.88:1	0.81:1	0.81:1
Acid test ratio	0.82:1	0.81:1	0.74:1	0.74:1
Solvability ratio	1.86:1	1.86:1	1.85:1	1.85:1
Total long-term debt to total revenue (gearing ratio) (excluding grants)*	49.73%	49.72%	41.45%	41.47%
Gearing ratio * (including grants)	38.91%	38.90%	34.02%	34.04%
Inventory turnover	2.50 times	2.50 times	2.62 times	2.62 times
Overdraft (cashbook) plus short-term loans to total operating revenue #	8.08%	7.75%	5.95%	5.71%
Cash to interest coverage	4.37:1	4.35:1	6.38:1	6.40:1
Capital charges to total operating revenue	10.81:1	10.79:1	10.25:1	10.24:1
Debt to cash ratio	2.62:1	2.64:1	1.67:1	1.66:1
Financing to capital expenditure ratio	0.39:1	0.39:1	0.15:1	0.15:1
Repairs & maintenance to annual operating revenue	8.30%	8.25%	7.37%	7.36%
Net debtors to total annual operating revenue	21.74%	21.53%	20.87%	20.75%
Borrowings to PPE Assets (%)	35.01%	35.03%	32.12%	32.15%
Debt coverage	31.87	31.88	46.98	46.97
Debt to equity	99.04	98.94	99.29	99.04
Cost coverage	1.00	0.93	1.02	0.96

* According to credit rating companies the bench mark for local government is a ratio of less than 50%

\# According to credit rating companies the benchmark for local government is a ratio of less than 5%

7. CASH AND CASH EQUIVALENTS, INVESTMENTS AND LIQUIDITY RATIO'S

Type	2013		2012 Restated	
	Group	Municipality	Group	Municipality
Cash and cash equivalents (R-thousand)	R740 968	R686 118	R643 927	R604 103
Liquidity ratio	4.60	4.75	6.22	6.42
Acid test ratio	0.82:1	0.81:1	0.74:1	0.74:1
Gearing ratio (excluding grants) *	49.73%	49.72%	41.45%	41.47%
Gearing ratio (including grants) *	38.91%	38.90%	34.02%	34.04%

* According to credit rating companies the benchmark for local government is a ratio of less than 50 %.

8. DEBTORS

Details regarding the debtors are provided in Note 20 (Long-term receivables), Note 22 (Consumer Debtors) and Note 23 (Other Debtors) of the Notes to the Annual Financial Statements.

8.1 Long-term receivables/debtors (note 20)

The long-term receivables show an increase of R 5.847 million (1.90%). This increase can mainly be ascribed to an increase in the arrangement consumer debtors (increase of R21.19 million) and this was counteracted by a decrease in the sale of land (R14.35 million).

8.2 Other debtors (note 23)

The Other Debtors (debtors other than consumer debtors – see note 23 for detail) for the Municipality in total increased with an amount of 8.272 million (0.91%). This is mainly the result of Sundry persons decreasing with an amount of R30.468 million and the miscellaneous debtors decreasing with an amount of R76.820 million. These decreases were counteracted by an increase in: Gauteng housing grant debtor (R48.553 million), waste management debtors (R20.395 million) and the public contributions debtor (R28.149 million). For the group other debtors increased with R11.912 million (1.26%).

8.3 Consumer debtors (note 22)

For the Municipality the consumer debtors increased in total with an amount of R1 168 410 billion (21.1%). The debtors taken over from Magalies Water amounted to R154.149 million. For the group consumer debtors increased with R1 234.340 billion (20.74%). The increase in debt per customer classification is made up as follows:

Customer classification	Group			Municipality		
	2013		2012 Restated	2013		2012 Restated
	Total R'000	Increase/ (Decrease) R'000	Total R-000	Total R'000	Increase/ (Decrease) R'000	Total R'000
Households	4 512 231	626 442	3 885 789	4 129 639	586 989	3 542 650
Industrial/Commercial	2 072 537	563 500	1 509 037	2 072 537	563 500	1 509 037
National and Provincial government	132 890	(5 635)	138 525	132 890	(5 635)	138 525
Other	371 834	23 556	348 278	371 834	23 556	348 278
Total	**7 089 492**	**1 207 863**	**5 881 629**	**6 706 900**	**1 168 410**	**5 538 490**

The increase in consumer debt per ageing analysis is as follows:

Age analysis group	Group			Municipality		
	2013		2012 Restated	2013		2012 Restated
	Total R'000	Increase/ (Decrease) R'000	Total R'000	Total R'000	Increase/ (Decrease) R'000	Total R'000
Current (0-30 days)	2 759 117	261 079	2 498 038	2 376 525	221 626	2 154 899
31 – 60 days	153 297	53 612	99 685	153 297	53 612	99 685
61 – 90 days	150 622	20 261	130 361	150 622	20 261	130 361
91 – 120 days	126 885	9 018	117 867	126 885	9 018	117 867
121 – 150 days	123 205	22 116	101 089	123 205	22 116	101 089
151 – 180 days	121 975	23 050	98 925	121 975	23 050	98 925
181 – 365 days	662 200	89 714	572 486	662 200	89 714	572 486
365 + days	2 992 191	729 013	2 263 178	2 992 191	729 013	2 263 178
Total	**7 089 492**	**1 207 863**	**5 881 629**	**6 706 900**	**1 168 410**	**5 538 490**

The following is an indication of the effectiveness of credit control measures, as well as the ability to convert debtors into cash:

Description	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R'000	R'000	R'000	R'000
Debits levied : Consumer debtors	15 641 681	14 001 029	15 669 470	14 009 377
Balance on 1 July	5 881 629	5 043 121	5 538 490	4 737 652
Balance on 30 June	7 089 492	5 881 629	6 706 900	5 538 490
Average balance	6 485 561	5 462 375	6 122 695	5 138 071
Days in the financial year	365	366	365	366
Turnover: Number of days	151	143	143	134
Turnover: Number of times (levies/average balance)	2.41	2.56	2.56	2.73

A collection rate calculated on the total levies for a period compared to the total payments received during the same period is used to measure revenue recovery. The credit control policy and the actions taken in terms of

the policy started producing better results, since an average collection rate of 108.6 % (2012 = 105.4%; 2011 = 105.7% and 2010 = 105.0%) was maintained by the Municipality during the 2012/13 financial year.

9. CAPITAL EXPENDITURE AND FINANCING (only with regard to the Municipality)

The Municipality's original approved Capital Expenditure Budget for 2012/13 amounted to R4 353 046 899 and was accepted by National Treasury. This Capital Budget was amended by means of an adjustments budget approved by Council on 28 February 2013 to R4 613 868 295 in total, which resulted in an increase of R260 821 396 in the total Capital Expenditure Budget, primarily to address additional National and Provincial grant allocations, to accommodate unspent grant allocations from the 2011/12 financial year approved by National Treasury in terms of the DoRA for roll-over, as well as other contributions, corrections and re-allocations of savings identified by Strategic Units requested to review the performance of the capital programme.

The table below reflects the net increase / decrease in the various funding sources:

Strategic Unit	Original Budget 2012/13	Adjusted Budget 2012/13	Increase/ (Decrease)
	R'000	R'000	R'000
Council Funding	637 384	142 684	(494 700)
Public Transport Infrastructure and Systems Grant (PTIS)	738 702	839 393	100 691
Neighbourhood Development Partnership Grant (NDPG)	59 567	186 017	126 450
Government Housing	72 187	72 187	-
Urban Settlements Development Grant (USDG)	996 070	1 011 688	15 618
Integrated National Electrification Programme (INEP)	30 000	30 000	-
Capital Replacement Reserve	63 260	63 927	667
Energy Efficiency Demand Side Management (EEDSM)	-	11 030	11 030
Incentive-Expanded Public Works Programme (EPWP)	10 151	6 651	(3 500)
Other contributions	14 355	14 871	516
Restructuring Grant (RG)			
Financial Management Grant (FMG)	500	1 717	1 217
Community Library Services (CLS)	2 300	5 133	2 833
Borrowings	1 640 000	2 140 000	500 000
Public Contributions and Donations	88 571	88 571	-
TOTAL	**4 353 047**	**4 613 868**	**260 821**

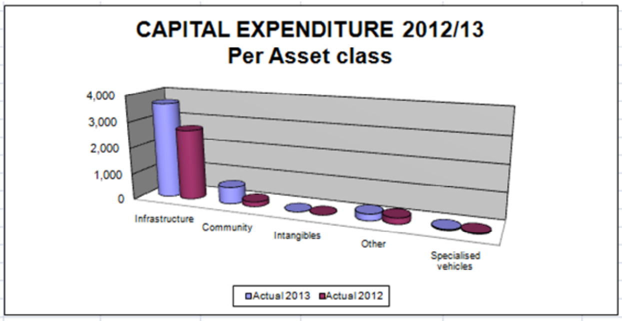
Actual expenditure incurred during the 2012/13 financial year as indicated in the table below amounts to R4 550 503 401 or 98.6% measured against the adjusted budget, resulting in a variance of R63 364 894 or 1.40% measured against adjusted budget. The main contributors to this variance were the following projects:

- CBD and Surrounding Areas (2010SWC) HOV / BRT Lanes on Corridors to North and Hatfield (R106,5 million);
- Upgrading of Lavender Road (Southern Part of K 97) (R15,6 million);
- Township Establishment of Land of Low Cost Housing - Project Linked Housing (R13,4 million);
- Replacement of Sewers (R11,7 million); and
- Upgrading of Maunde (R10.6 million).

On comparison of the actual expenditure for the 2012/13 financial year with the actual expenditure of the 2011/12 financial year, an increase in expenditure of R1 437 451 468 is evident, which indicates that the City increased its investment in Property, Plant and Equipment.

Actual Capital expenditure according to asset class		
Type of Asset	Actual 2013	Actual 2012
	R'000	R'000
Infrastructure	3 636 382	2 685 963
Community	630 760	178 098
Other Assets	247 431	226 461
Specialised Vehicles	35,024,	25 477
Intangibles	906,	0
TOTAL	**4 550 503**	**3 115 999**

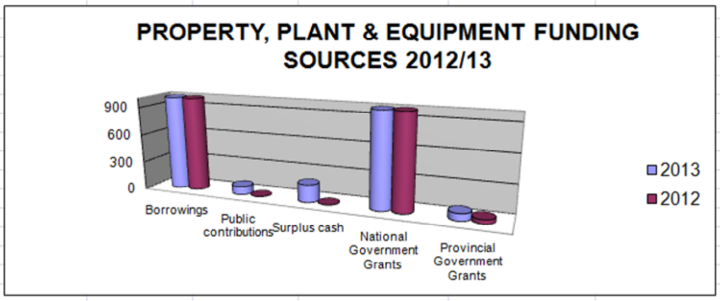
.
The graph below shows the distribution of the property, plant and equipment according to the type.



The above-mentioned assets were financed from the following sources as reflected below:

Actual Capital expenditure per Sources of Finance		
Sources of Finance	Actual 2013 R'000	Actual 2012 R'000
External Loans	2 129 535	1 890 203
Surplus Cash	182 987	0
Public contributions / donations	86 435	0
National Government Transfers and Grants	2 076 699	1 183 233
Provincial Government Transfers and Grants	74 846	42 563
TOTAL	**4 550 503**	**3 115 999**

The following is a graphic presentation according to financing sources:



When comparing the actual expenditure to the budgeted expenditure, the financing source of capital projects plays an important role. The funding from own sources which are primarily the Capital Replacement Reserve and the External Financing Fund (external loans taken up), can largely influence the following aspects:

- Depreciation
- The raising of loans
- The cash flow of the Municipality

10. CREDITORS

Creditors as at financial year end mainly related to the following categories:

Type	Group		Municipality	
	2013 R'000	2012 Restated R'000	2013 R'000	2012 Restated R'000
Trade creditors	2 889 982	2 752 688	2 841 132	2 706 140
Payment received in advance	25 883	22 130	25 883	22 130
Accrued leave pay	602 904	547 763	597 715	542 593
Debtors with credit balances (received in advance)	613 524	542 143	613 524	542 142
Retention	311 223	238 990	311 223	238 990
RTMC: AARTO	10 240	4 908	10 240	4 908
Other creditors	539 633	423 536	565 218	420 535
Total	**4 993 389**	**4 532 158**	**4 973 505**	**4 477 438**

11. LONG-TERM DEBT

For the municipality the long-term debt (external loans and lease liabilities) increased from R6 734 489 399 to R8 477 417 071 (R1 742 927 672 increase) during the year under review. This is as a result of financing required for the funding of capital projects. The municipality entered the bond market and issued municipal bonds to the value of R2.140 billion. Further the municipality restructured its loan portfolio and loans to the value of R1.987 billion were redeemed and new loans to the value of R2.002 billion were taken up as part of this restructuring exercise. For the group the long-term debt (external loans and lease liabilities) increased from R6 737 925 093 to R8 480 537 382 (R1 742 612 289 increase) during the year under review.

12. ACCUMULATED SURPLUS

For the municipality the year under review was closed with an accounting accumulated surplus of R13 814 037 349 compared to R11 926 638 478 of 2011/12. This increase of R1 887 398 871 is the result of the surplus from operations (i.e. the difference between the total revenue and the total expenditure) for the year.

For the group the year under review was closed with an accounting accumulated surplus of R13 866 601 177 compared to R11 956 613 650 of 2011/12. This increase of R1 909 987 527 is the result of the surplus from operations (i.e. the difference between the total revenue and the total expenditure) for the year.

13. TREATMENT OF MATTERS RAISED BY THE AUDITOR-GENERAL DURING THE PREVIOUS AUDIT

The City of Tshwane received an unqualified audit report for the 2011/12 financial year. There were, however, emphasis of matter as well as other important matters reported in the audit report due to non-compliance and performance information. In order to ensure a clean audit report, these items need to be properly addressed and rectified.

A high-level Operation Clean Audit (OPCA) project plan was developed. The plan sets out the steps that need to be taken into account and what needs to be in place to ensure a clean audit report. This will be an ever evolving plan, which will be improved as the project progresses and new and/or more appropriate steps become necessary.

As part of enhancing Operation Clean Audit, the City of Tshwane took an initiative to nominate 28 Operation Clean Audit officers, by each service department and region, solely focussing on achieving a clean audit opinion.

In an effort to monitor OPCA activities, a steering committee, chaired by the Executive Mayor, was established to oversee the OPCA project on a strategic level and ensure a clean audit report. The functions of the steering committee include:

- ✓ Overseeing the development of an OPCA strategy
- ✓ Overseeing the development of an overall OPCA plan
- ✓ Assisting in the identification of risk areas that might affect OPCA
- ✓ Risk areas to be allocated to relevant divisions and departments for prioritisation and elimination
- ✓ Divisions and department to present specific progress on the risk areas to the steering committee
- ✓ Monitoring progress
- ✓ Sign-off on readiness for external audit purposes

14. CREDIT RATING

A credit rating performed on the Municipality during September 2012 by the firm Moody's and issued on 2 October 2012 was as follows:

- **Long term debt rating: -A1.za (maturities of one year or greater):** *Defined as upper-medium grade. "A" obligations are judged to be upper-medium grade and are subject to low credit risk.*

- **Short term debt rating: Prime-1.za (maturities of less than one year):** *Defined as the highest quality. A superior ability to repay short-term debt obligations.*

- **Financial outlook: Negative:** *The negative rating outlook mirrors the negative outlook on South Africa's sovereign rating and reflects systemic pressure. An upgrade is regarded as unlikely given the*

negative rating outlook. A stabilization of the outlook would require a stabilization of the sovereign rating outlook. Additionally, an upgrade or stabilization of the outlook would require evidence of Tshwane's capacity to realize structural and distinctive improvements in its financial and debt metrics.

15. MUNICIPAL ENTITIES

15.1 Viable municipal entities

In the 2012/13 financial year the City of Tshwane had three (3) active municipal entities which were found to be viable and functioning in compliance with the Municipal Finance Management Act and the Local Government Systems Act. These were the following

- Sandspruit Works Association
- Housing Company Tshwane
- Tshwane Economic Development Agency (TEDA) (started with operations during 2012/13)

15.2 Consolidation of municipal entities

Consistent with the previous financial years separate consolidated financial statements were compiled for the City of Tshwane and its operational municipal entities for submission to the Office of the Auditor-General on 30 September 2013, namely:

- Housing Company Tshwane
- Sandspruit Works Association:
- Tshwane Economic Development Agency (TEDA)

16. CASH FLOW IMPROVEMENT VS RATIOS

During the 2009/10 financial year the City of Tshwane implemented various cash flow strategies. To ensure sound financial management and sustainability over the medium to long-term the belt tightening intervention initiatives had to remain in force. During the 2011/12 financial year the City Manager introduced strengthened cash flow strategies and initiatives. For the group the positive effect of these strategies can be seen in the positive cash flow of R409.2 million compared to the low cash and cash equivalents of R57.3 million in 2011/12.

Overall, the cash flow of the group decreased as the net cash flow from operating activities decreased with 20.0% from R4.042 billion to R3.232 billion since 2011/12, although the net cash and cash equivalents increased with R351.9 million since 2011/12.

17. FIXED ASSET REGISTER

Although it was still a challenge to produce a compliant and purified asset register in the 2012/13 financial year, the improvement was huge compared to the previous three financial years. A service provider was appointed to assist the City of Tshwane with the Asset Register as well as the Asset Management Unit and the transfer of skills. Verification, review of useful lives, impairment, etc were performed during the 2012/13 financial year end to ensure a GRAP compliant fixed asset register.

18. FINANCIAL SUSTAINABILITY

A long-term financial strategy ensures that the City is financially sustainable and responds to the Growth and Development Strategy, policies, priorities and infrastructure needs. The objectives of the Long-Term Financial Strategy (LTFS) are focusing on:

- Producing a prudent and sound medium- to long-term financial framework
- Ensuring resilience and the ability to absorb future shocks
- Ensuring sustainable services (Investment in infrastructure and adequate maintenance of infrastructure)
- Identifying strategies for long-term financial sustainability (operational efficiency initiatives and sustainable and alternative revenue streams)
- Responding to the long-term strategy of the municipality
- Improve the municipality's credit rating

Municipalities, in the current day, moved away from short-term to long-term planning. A long-term sustainability strategy is needed that complies with financial viability, financial sustainability and value for money. The Long

Term Financial Model (LTFM) of the City of Tshwane places emphasis on affordability and long-term sustainability. The LTFM is predominantly a financial planning tool to ensure long-term financial sustainability for the organisation but it is run parallel with the financial planning process to ensure that the strategies and direction of the Municipality are at all times informed by best practice.

Municipalities can experience sustainability challenges if they do not have robust financial planning, management and governance in place. Such financial planning and management includes a strong ten-year plan, consistent annual budgets and detailed quarterly financial position reviews.

Financial sustainability is defined as whether or not the City will have the financial capacity to continue existing in the long term. The City of Tshwane therefore continuously develops processes in striving for excellence as well as strategies and programmes to deal with the challenges it faces. Planning enables the City of Tshwane to move towards a proactive target setting approach.

The strategies and measures already implemented to ensure sustainability are the following:

- Long-term Financial Model (main informer)
- Budget policy
- Revenue enhancement strategy
- Budget principles and guidelines
- Cash-flow management intervention initiatives
- Detailed quarterly financial reviews

The long-term strategy of the City of Tshwane is to ensure that the municipality is financially sustainable and able to respond with the agility required to quantify the resources and implement strategies aligned to our Growth and Development Strategy, policies, priorities and infrastructure needs.

This means that due to our inherently limited revenue base (municipal rates, user charges and grants/subsidies), we have to be pro-active with respect to the minimization of costs and the maximization of efficiencies to meet daily and ever-increasing service delivery imperatives.

Our objective is therefore the creation of a prudent and sound medium to long-term financial framework that is resilient to future shocks, and ensures sustainability of services through investment in infrastructure and the associated requisite adequate maintenance.

The municipal bonds further provide a sustainable source of funding to ensure the achievement of the Tshwane vision 2055, which is premised on establishing the City of Tshwane as the African capital city of excellence.

Although slower than anticipated, South Africa’s economy has continued to grow. National trade performance is hindering the country’s growth potential and the economy must first recover before growth will be realized.

We continue to improve efficiencies to reduce the cost of doing business, investing and settling Tshwane.

19. APPRECIATION

I am grateful to the Executive Mayor, Members of the Mayoral Committee, Councillors, Office of the City Manager and Strategic Executive Directors for the support they have given me and my staff during the 2012/13 financial year. A sincere word of appreciation to everybody, and in particular the financial staff, for the hard work, sacrifices and concentrated efforts during the financial year to enable us to finalise and submit the annual financial statements within the prescribed period of two months after year end (i.e. 31 August) as well as the consolidated annual financial statements within the prescribed period of 3 months after the financial year end (i.e. 30 September).

Andile Dyakala
GROUP CHIEF FINANCIAL OFFICER

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Statement of Financial Position as at 30 June 2013

		Group		Municipality	
	Note(s)	2013 R	2012 Restated R	2013 R	2012 Restated R
Assets					
Current Assets					
Inventories	21	402,238,641	417,462,010	399,467,833	414,945,238
Current portion of long-term receivables	20	119,303,329	108,802,610	119,303,329	108,802,610
Other debtors	23	581,728,390	658,210,113	541,362,319	621,501,721
VAT receivable	12	2,965,618	2,974,060	-	-
Consumer debtors	22	3,124,929,903	2,734,234,725	3,130,421,675	2,748,609,426
Call investment deposits	19	636,003,487	323,851,507	636,003,487	323,851,507
Cash and cash equivalents	24	740,967,794	643,926,921	686,118,280	604,102,525
		5,608,137,162	**4,889,461,946**	**5,512,676,923**	**4,821,813,027**
Non-Current Assets					
Investment property	14	964,541,529	1,002,174,054	951,341,529	986,303,217
Property, plant and equipment	13	22,648,616,539	19,105,142,745	22,637,117,115	19,093,570,094
Leased assets	17	171,655,852	392,780,484	171,655,852	392,780,484
Intangible assets	15	414,245,964	450,065,830	414,154,169	450,065,830
Heritage assets	16	25,686,395	26,059,432	25,686,395	26,059,432
Investments	19	4,986,212	87,622,609	4,986,212	87,622,609
Long-term receivables	20	104,277,461	94,216,295	104,277,461	94,216,295
Deferred tax	63	836,432	-	-	-
Interest rate swap asset	68	81,554,131	-	81,554,131	-
		24,416,400,515	**21,158,061,449**	**24,390,772,864**	**21,130,617,961**
Assets held for sale	18	56	344,590	56	344,590
Total Assets		**30,024,537,733**	**26,047,867,985**	**29,903,449,843**	**25,952,775,578**
Liabilities					
Current Liabilities					
Long-term liabilities	4	535,106,566	346,018,276	534,791,168	345,702,878
Lease liabilities	5	127,908,505	127,462,094	127,908,505	127,462,094
Deferred operating lease liability	64	3,117,455	2,777,684	2,990,938	2,501,856
Payables from exchange transactions	10	5,034,043,418	4,532,158,449	4,973,504,827	4,477,437,996
VAT payable	12	91,980,877	281,849,052	91,975,271	281,844,747
Consumer deposits	9	421,669,621	406,953,225	418,175,945	403,868,672
Unspent grants and receipts	11	126,494,481	319,663,700	125,330,239	317,810,684
Provisions	6	-	1,610,788	-	-
		6,340,320,923	**6,018,493,268**	**6,274,676,893**	**5,956,628,927**
Non-Current Liabilities					
Long-term liabilities	4	7,766,929,898	6,088,869,590	7,764,124,985	6,085,749,294
Lease liabilities	5	50,592,413	175,575,133	50,592,413	175,575,133
Deferred operating lease liability	64	2,372,547	5,069,533	2,308,997	4,936,934
Retirement benefit obligation	44	1,755,107,675	1,587,376,653	1,755,107,675	1,587,376,653
Deferred tax	63	11,569	-	-	-
Provisions	6	242,601,531	215,870,158	242,601,531	215,870,158
		9,817,615,633	**8,072,761,067**	**9,814,735,601**	**8,069,508,172**
Total Liabilities		**16,157,936,556**	**14,091,254,335**	**16,089,412,494**	**14,026,137,099**
Net Assets		**13,866,601,177**	**11,956,613,650**	**13,814,037,349**	**11,926,638,479**
Net Assets					
Accumulated surplus	43	13,866,601,177	11,956,613,650	13,814,037,349	11,926,638,479

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Statement of Financial Performance

		Group		Municipality	
		2013	2012 Restated	2013	2012 Restated
	Note(s)	R	R	R	R
Revenue					
Revenue from exchange transactions					
Service charges	26	11,642,235,567	10,643,372,054	11,669,883,942	10,651,601,683
Rental of facilities and equipment		106,060,759	100,016,243	103,606,469	97,718,235
Interest received - outstanding consumer debtors		276,805,756	265,720,882	253,250,109	244,643,012
Licences and permits		58,658,683	52,426,020	58,658,683	52,426,020
Other income	28	669,847,424	629,607,940	665,733,747	627,769,053
Investment revenue	33	62,828,008	52,933,829	62,236,528	52,185,100
Total revenue from exchange transactions		**12,816,436,197**	**11,744,076,968**	**12,813,369,478**	**11,726,343,103**
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	25	3,999,445,336	3,357,657,236	3,999,585,718	3,357,774,830
Transfer revenue					
Government grants, subsidies, awards and donations	27	4,743,766,470	3,547,429,486	4,744,008,495	3,547,429,486
Public contributions and donations		152,709,701	117,380,914	152,709,701	117,380,914
Fines		3,934,831	4,555,875	3,934,831	4,555,875
Total revenue from non-exchange transactions		**8,899,856,338**	**7,027,023,511**	**8,900,238,745**	**7,027,141,105**
Total revenue		**21,716,292,535**	**18,771,100,479**	**21,713,608,223**	**18,753,484,208**
Expenditure					
Personnel	29	(5,304,963,548)	(4,815,285,269)	(5,225,703,079)	(4,739,894,487)
Remuneration of councillors	30	(92,573,294)	(91,453,370)	(92,573,294)	(91,453,370)
Depreciation and amortisation	31	(1,103,121,160)	(1,033,238,522)	(1,100,838,501)	(1,030,493,515)
Impairment loss/ Reversal of impairments	65	(4,818,771)	(29,807,842)	(4,818,771)	(29,807,842)
Finance costs	32	(740,274,779)	(633,215,352)	(739,419,952)	(632,350,791)
Debt impairment	34	(951,619,336)	(903,949,770)	(874,303,916)	(821,215,068)
Collection costs		(95,800,895)	(95,026,950)	(95,800,895)	(95,026,950)
Repairs and maintenance		(1,415,881,948)	(1,198,453,072)	(1,405,944,744)	(1,195,917,028)
Bulk purchases	35	(6,695,411,406)	(6,172,120,339)	(6,793,054,563)	(6,258,775,168)
Grants and subsidies paid	36	(17,290,290)	(21,495,798)	(17,290,290)	(21,495,798)
General Expenses	37	(3,194,993,417)	(2,750,607,334)	(3,289,013,214)	(2,803,800,040)
Total expenditure		**(19,616,748,844)**	**(17,744,653,618)**	**(19,638,761,219)**	**(17,720,230,057)**
Operating surplus		**2,099,543,691**	**1,026,446,861**	**2,074,847,004**	**1,033,254,151**
Gain/(loss) on disposal of assets and liabilities		(268,847,768)	(82,522,739)	(268,585,708)	(82,522,739)
Loss on foreign exchange transactions		(760,902)	(2,630,305)	(760,902)	(2,630,305)
Fair value adjustments		79,227,638	(264,454)	81,898,475	(264,454)
Gain on transfer of functions	62	-	1,033,166,378	-	1,033,166,378
		(190,381,032)	**947,748,880**	**(187,448,135)**	**947,748,880**
Surplus before taxation		**1,909,162,659**	**1,974,195,741**	**1,887,398,869**	**1,981,003,031**
Taxation (TEDA)		(824,863)	-	-	-
Surplus for the year		**1,909,987,522**	**1,974,195,741**	**1,887,398,869**	**1,981,003,031**

The National Treasury classification of expenditure is disclosed in note 67.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Group		
Opening balance as previously reported	9,688,999,875	9,688,999,875
Adjustments		
Prior year adjustments (refer to note 46)	293,418,034	293,418,034
Balance at 01 July 2011 as restated	**9,982,417,909**	**9,982,417,909**
Changes in net assets		
Surplus for the year	1,974,195,741	1,974,195,741
Total changes	1,974,195,741	1,974,195,741
Opening balance as previously reported	11,904,961,308	11,904,961,308
Adjustments		
Prior year adjustments (refer to note 46)	51,652,347	51,652,347
Balance at 01 July 2012 as restated	**11,956,613,655**	**11,956,613,655**
Changes in net assets		
Surplus for the year	1,909,987,522	1,909,987,522
Total changes	1,909,987,522	1,909,987,522
Balance at 30 June 2013	**13,866,601,177**	**13,866,601,177**
Municipality		
Opening balance as previously reported	9,650,090,327	9,650,090,327
Adjustments		
Prior year adjustments (refer to note 46)	295,545,121	295,545,121
Balance at 01 July 2011 as restated	**9,945,635,448**	**9,945,635,448**
Changes in net assets		
Surplus for the year	1,981,003,031	1,981,003,031
Total changes	1,981,003,031	1,981,003,031
Opening balance as previously reported	11,875,062,106	11,875,062,106
Adjustments		
Prior year adjustments (refer to note 46)	51,576,374	51,576,374
Balance at 01 July 2012 as restated	**11,926,638,480**	**11,926,638,480**
Changes in net assets		
Surplus for the year	1,887,398,869	1,887,398,869
Total changes	1,887,398,869	1,887,398,869
Balance at 30 June 2013	**13,814,037,349**	**13,814,037,349**
Note(s)	43	

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Cash Flow Statement

		Group		Municipality	
		2013	2012 Restated	2013	2012 Restated
	Note(s)	R	R	R	R
Cash flows from operating activities					
Receipts					
Cash receipts from rate payers, government and other		15,453,687,921	15,055,620,078	15,543,498,911	15,215,093,968
Grants		4,743,766,470	3,547,429,486	4,744,008,495	3,547,429,486
Interest income		62,828,008	52,933,829	62,236,528	52,185,100
		20,260,282,399	18,655,983,393	20,349,743,934	18,814,708,554
Payments					
Cash paid to suppliers and employees		(16,270,917,890)	(13,959,679,534)	(16,379,138,036)	(14,109,442,945)
Finance costs		(740,274,779)	(633,215,352)	(739,419,952)	(632,350,791)
Transfers and grants		(17,290,290)	(21,495,798)	(17,290,290)	(21,495,798)
		(17,028,482,959)	(14,614,390,684)	(17,135,848,278)	(14,763,289,534)
Net cash flows from operating activities	38	**3,231,799,440**	**4,041,592,709**	**3,213,895,656**	**4,051,419,020**
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(4,396,327,321)	(4,247,587,318)	(4,394,190,660)	(4,247,064,997)
Purchase of leased assets	17	-	(115,026,987)	-	(115,026,987)
Proceeds from sale of property, plant and equipment	13	(129,883,806)	(82,522,739)	(129,621,746)	(82,522,739)
Purchase of investment property	14	(18,307,493)	(178,198,222)	(18,307,493)	(178,118,399)
Purchase of other intangible assets	15	(1,220,637)	(131,135,357)	(1,056,075)	(131,135,357)
Proceeds from sale of heritage assets	16	-	(214,400)	-	(214,400)
Proceeds from sale of financial assets		62,074,512	54,914,064	62,074,512	54,914,064
Purchase of interest rate swap asset		(81,554,131)	-	(81,554,131)	-
Net cash flows from investing activities		**(4,565,218,876)**	**(4,699,770,959)**	**(4,562,655,593)**	**(4,699,168,815)**
Cash flows from financing activities					
Proceeds from long-term liabilities		4,142,000,000	1,022,303,530	4,142,000,000	1,022,303,530
Repayment of long-term liabilities		(2,274,851,402)	(344,160,874)	(2,274,536,019)	(343,552,475)
Finance lease payments		(124,536,309)	37,372,460	(124,536,309)	37,372,460
Net cash flows from financing activities		**1,742,612,289**	**715,515,116**	**1,742,927,672**	**716,123,515**
Net increase/(decrease) in cash and cash equivalents		**409,192,853**	**57,336,866**	**394,167,735**	**68,373,720**
Cash and cash equivalents at the beginning of the year		967,778,428	910,441,560	927,954,032	859,580,312
Cash and cash equivalents at the end of the year	24	**1,376,971,281**	**967,778,426**	**1,322,121,767**	**927,954,032**

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Statement of comparison of budget and actual amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Group - 2013											
Financial Performance											
Property rates	3,721,740,700	200,000,000	3,921,740,700	-		3,921,740,700	3,999,445,336		77,704,636	102 %	107 %
Service charges	12,705,804,484	(130,770,546)	12,575,033,938	-		12,575,033,938	11,642,235,567		(932,798,371)	93 %	92 %
Investment revenue	291,774	3,922	295,696	-		295,696	62,828,008		62,532,312	21,248 %	21,533 %
Transfers recognised - operational	2,566,616,080	103,115,184	2,669,731,264	-		2,669,731,264	2,592,220,937		(77,510,327)	97 %	101 %
Other own revenue	1,510,405,009	51,911,375	1,562,316,384	-		1,562,316,384	1,347,244,792		(215,071,592)	86 %	89 %
Total revenue (excluding capital transfers and contributions)	**20,504,858,047**	**224,259,935**	**20,729,117,982**	**-**		**20,729,117,982**	**19,643,974,640**		**(1,085,143,342)**	**95 %**	**96 %**
Employee costs	(5,613,007,457)	169,868,599	(5,443,138,858)	-	-	(5,443,138,858)	(5,304,963,548)	-	138,175,310	97 %	95 %
Remuneration of councillors	(99,241,121)	10,300,395	(88,940,726)	-	-	(88,940,726)	(92,573,294)	3,632,568	(3,632,568)	104 %	93 %
Debt impairment	(908,732,581)	(3,954,298)	(912,686,879)			(912,686,879)	(951,619,336)	108,646,694	(38,932,457)	104 %	105 %
Depreciation and asset impairment	(958,696,660)	(15,147)	(958,711,807)			(958,711,807)	(1,107,939,931)	152,343,108	(149,228,124)	116 %	116 %
Finance charges	(791,168,991)	93,258,406	(697,910,585)	-	-	(697,910,585)	(740,274,779)	41,640,161	(42,364,194)	106 %	94 %
Materials and bulk purchases	(7,756,989,987)	(10,233,971)	(7,767,223,958)	-	-	(7,767,223,958)	(6,695,411,406)	-	1,071,812,552	86 %	86 %
Transfers and grants	(21,201,500)	-	(21,201,500)	-	-	(21,201,500)	(17,290,290)	-	3,911,210	82 %	82 %
Other expenditure	(4,645,041,534)	(236,759,796)	(4,881,801,330)	-	-	(4,881,801,330)	(4,976,284,930)	-	(94,483,600)	102 %	107 %
Total expenditure	**(20,794,079,831)**	**22,464,188**	**(20,771,615,643)**	**-**	**-**	**(20,771,615,643)**	**(19,886,357,514)**	**306,262,531**	**885,258,129**	**96 %**	**96 %**
Surplus/(Deficit)	**(289,221,784)**	**246,724,123**	**(42,497,661)**	**-**		**(42,497,661)**	**(242,382,874)**		**(199,885,213)**	**570 %**	**570 %**

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Statement of comparison of budget and actual amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Transfers recognised - capital	1,923,831,899	254,854,254	2,178,686,153	-		2,178,686,153	2,151,545,533		(27,140,620)	99 %	112 %
Surplus (Deficit) after capital transfers and contributions	**1,634,610,115**	**501,578,377**	**2,136,188,492**	**-**		**2,136,188,492**	**1,909,162,659**		**(227,025,833)**	**89 %**	**117 %**
Taxation	-	-	-	-		-	(824,863)		(824,863)	- %	- %
Surplus/(Deficit) for the year	**1,634,610,115**	**501,578,377**	**2,136,188,492**	**-**		**2,136,188,492**	**1,909,987,522**		**(226,200,970)**	**89 %**	**117 %**

Capital expenditure and funds sources

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Total capital expenditure	4,353,046,899	260,821,396	4,613,868,295	-		4,613,868,295	4,550,503,401		(63,364,894)	99 %	105 %
Sources of capital funds											
Transfers recognised - capital	(1,923,831,899)	(254,854,253)	(2,178,686,152)	-		(2,178,686,152)	(2,151,545,532)		27,140,620	99 %	112 %
Public contributions and donations	(88,571,223)	-	(88,571,223)	-		(88,571,223)	(86,435,401)		2,135,822	98 %	98 %
Borrowing	(1,640,000,000)	(500,000,000)	(2,140,000,000)	-		(2,140,000,000)	(2,126,587,938)		13,412,062	99 %	130 %
Internally generated funds	(700,643,777)	494,032,857	(206,610,920)	-		(206,610,920)	(185,934,530)		20,676,390	90 %	27 %
Total sources of capital funds	**(4,353,046,899)**	**(260,821,396)**	**(4,613,868,295)**	**-**		**(4,613,868,295)**	**(4,550,503,401)**		**63,364,894**	**99 %**	**105 %**

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Statement of comparison of budget and actual amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Cash flows											
Net cash from (used) operating	2,771,287,101	375,552,062	3,146,839,163		-	3,146,839,163	3,231,799,440		84,960,277	103 %	117 %
Net cash from (used) investing	(3,770,106,496)	(436,920,005)	(4,207,026,501)		-	(4,207,026,501)	(4,565,218,876)		(358,192,375)	109 %	121 %
Net cash from (used) financing	1,342,638,859	439,605,283	1,782,244,142		-	1,782,244,142	1,742,612,289		(39,631,853)	98 %	130 %
Net increase/(decrease) in cash and cash equivalents	**343,819,464**	**378,237,340**	**722,056,804**		**-**	**722,056,804**	**409,192,853**		**(312,863,951)**	**57 %**	**119 %**
Cash and cash equivalents at the beginning of the year	1,219,703,381	(256,099,825)	963,603,556		-	963,603,556	967,778,428		4,174,872	100 %	79 %
Cash and cash equivalents at year end	**1,563,522,845**	**122,137,515**	**1,685,660,360**		**-**	**1,685,660,360**	**1,376,971,281**		**(308,689,079)**	**82 %**	**88 %**

City of Tshwane Metropolitan Municipality
Consolidated Annual Financial Statements for the year ended 30 June 2013

Statement of comparison of budget and actual amounts

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
	R	R	R	R
Group - 2012				
Financial Performance				
Property rates				3,357,657,236
Service charges				10,643,372,054
Investment revenue				52,933,829
Transfers recognised - operational				2,322,772,413
Other own revenue				2,085,493,338
Total revenue (excluding capital transfers and contributions)				**18,462,228,870**
Employee costs	-	-	-	(4,815,285,269)
Remuneration of councillors	1,142,933	1,142,933	-	(91,453,370)
Debt impairment	-	-	-	(903,949,770)
Depreciation and asset impairment	-	-	-	(1,063,046,364)
Finance charges	-	-	-	(633,215,352)
Materials and bulk purchases	479,665,145	479,665,145	-	(6,172,120,339)
Transfers and grants	7,214,198	7,214,198	-	(21,495,798)
Other expenditure	-	-	-	(4,129,504,854)
Total expenditure	**488,022,276**	**488,022,276**	**-**	**(17,830,071,116)**
Surplus/(Deficit)				**632,157,754**
Transfers recognised - capital				1,224,657,073
Contributions recognised - capital and contributed assets				117,380,914
Surplus (Deficit) after capital transfers and contributions				**1,974,195,741**
Surplus/(Deficit) for the year				**1,974,195,741**

City of Tshwane Metropolitan Municipality
Consolidated Annual Financial Statements for the year ended 30 June 2013

Statement of comparison of budget and actual amounts

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
	R	R	R	v
Capital expenditure and funds sources				
Total capital expenditure				3,115,999,216
Sources of capital funds				
Transfers recognised - capital				1,224,657,073
Public contributions and donations				117,380,914
Borrowing				1,773,961,229
Total sources of capital funds				**3,115,999,216**
Cash flows				
Net cash from (used) operating				4,041,592,709
Net cash from (used) investing				(4,699,770,959)
Net cash from (used) financing				715,515,116
Net increase/(decrease) in cash and cash equivalents				**57,336,866**
Cash and cash equivalents at the beginning of the year				910,441,560
Cash and cash equivalents at year end				**967,778,426**

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Statement of comparison of budget and actual amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Municipality - 2013											
Financial Performance											
Property rates	3,737,900,000	200,000,000	3,937,900,000	-		3,937,900,000	3,999,585,718		61,685,718	102 %	107 %
Service charges	12,761,383,400	(120,914,046)	12,640,469,354	-		12,640,469,354	11,669,883,942		(970,585,412)	92 %	91 %
Investment revenue	45,378,679	1,082,246	46,460,925	-		46,460,925	62,236,528		15,775,603	134 %	137 %
Transfers recognised - operational	2,553,116,080	102,241,884	2,655,357,964	-		2,655,357,964	2,592,462,962		(62,895,002)	98 %	102 %
Other own revenue	1,312,236,079	36,172,794	1,348,408,873	-		1,348,408,873	1,319,792,015		(28,616,858)	98 %	101 %
Total revenue (excluding capital transfers and contributions)	**20,410,014,238**	**218,582,878**	**20,628,597,116**	**-**		**20,628,597,116**	**19,643,961,165**		**(984,635,951)**	**95 %**	**96 %**
Employee costs	(5,528,823,599)	169,804,391	(5,359,019,208)	-	-	(5,359,019,208)	(5,225,703,079)	-	133,316,129	98 %	95 %
Remuneration of councillors	(99,241,121)	10,300,395	(88,940,726)	-	-	(88,940,726)	(92,573,294)	3,632,568	(3,632,568)	104 %	93 %
Debt impairment	(836,306,245)	(3,954,298)	(840,260,543)			(840,260,543)	(874,303,916)	103,757,610	(34,043,373)	104 %	105 %
Depreciation and asset impairment	(955,562,153)	-	(955,562,153)			(955,562,153)	(1,105,657,272)	153,210,103	(150,095,119)	116 %	116 %
Finance charges	(780,707,913)	151,638,313	(629,069,600)	-	-	(629,069,600)	(739,419,952)	110,005,231	(110,350,352)	118 %	95 %
Materials and bulk purchases	(7,108,824,800)	37,002,466	(7,071,822,334)	-	-	(7,071,822,334)	(6,793,054,563)	-	278,767,771	96 %	96 %
Transfers and grants	(21,201,500)	-	(21,201,500)	-	-	(21,201,500)	(17,290,290)	-	3,911,210	82 %	82 %
Other expenditure	(5,368,568,759)	(336,649,953)	(5,705,218,712)	-	-	(5,705,218,712)	(5,060,105,463)	-	645,113,249	89 %	94 %
Total expenditure	**(20,699,236,090)**	**28,141,314**	**(20,671,094,776)**	**-**	**-**	**(20,671,094,776)**	**(19,908,107,829)**	**370,605,512**	**762,986,947**	**96 %**	**96 %**
Surplus/(Deficit)	**(289,221,852)**	**246,724,192**	**(42,497,660)**	**-**		**(42,497,660)**	**(264,146,664)**		**(221,649,004)**	**622 %**	**91 %**
Transfers recognised - capital	1,923,831,899	254,854,254	2,178,686,153	-		2,178,686,153	2,151,545,533		(27,140,620)	99 %	112 %
Surplus (Deficit) after capital transfers and contributions	**1,634,610,047**	**501,578,446**	**2,136,188,493**	**-**		**2,136,188,493**	**1,887,398,869**		**(248,789,624)**	**88 %**	**115 %**
Surplus/(Deficit) for the year	**1,634,610,047**	**501,578,446**	**2,136,188,493**	**-**		**2,136,188,493**	**1,887,398,869**		**(248,789,624)**	**88 %**	**115 %**

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Statement of comparison of budget and actual amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Capital expenditure and funds sources											
Total capital expenditure	4,353,046,899	260,821,396	4,613,868,295	-		4,613,868,295	4,550,503,401		(63,364,894)	99 %	105 %
Sources of capital funds											
Transfers recognised - capital	(1,923,831,899)	(254,854,254)	(2,178,686,153)	-		(2,178,686,153)	(2,151,545,533)		27,140,620	99 %	112 %
Public contributions and donations	(88,571,223)	-	(88,571,223)	-		(88,571,223)	(86,435,401)		2,135,822	98 %	98 %
Borrowing	(1,640,000,000)	(500,000,000)	(2,140,000,000)	-		(2,140,000,000)	(2,126,587,938)		13,412,062	99 %	130 %
Internally generated funds	(700,643,777)	494,032,858	(206,610,919)	-		(206,610,919)	(185,934,529)		20,676,390	90 %	27 %
Total sources of capital funds	**(4,353,046,899)**	**(260,821,396)**	**(4,613,868,295)**	**-**		**(4,613,868,295)**	**(4,550,503,401)**		**63,364,894**	**99 %**	**105 %**
Cash flows											
Net cash from (used) operating	2,759,351,255	326,314,692	3,085,665,947	-		3,085,665,947	3,213,895,656		128,229,709	104 %	116 %
Net cash from (used) investing	(3,760,899,417)	(441,331,319)	(4,202,230,736)	-		(4,202,230,736)	(4,562,655,593)		(360,424,857)	109 %	121 %
Net cash from (used) financing	1,350,523,482	472,422,925	1,822,946,407	-		1,822,946,407	1,742,927,672		(80,018,735)	96 %	129 %
Net increase/(decrease) in cash and cash equivalents	**348,975,320**	**357,406,298**	**706,381,618**	**-**		**706,381,618**	**394,167,735**		**(312,213,883)**	**56 %**	**113 %**
Cash and cash equivalents at the beginning of the year	1,183,761,525	(256,102,825)	927,658,700	-		927,658,700	927,954,032		295,332	100 %	78 %
Cash and cash equivalents at year end	**1,532,736,845**	**101,303,473**	**1,634,040,318**	**-**		**1,634,040,318**	**1,322,121,767**		**311,918,551**	**81 %**	**86 %**

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Statement of comparison of budget and actual amounts

	Reported unauthorised expenditure R	Expenditure authorised in terms of section 32 of MFMA R	Balance to be recovered R	Restated audited outcome R
Municipality - 2012				
Financial Performance				
Property rates				3,357,774,830
Service charges				10,651,601,683
Investment revenue				52,185,100
Transfers recognised - operational				2,322,772,413
Other own revenue				2,060,278,572
Total revenue (excluding capital transfers and contributions)				**18,444,612,598**
Employee costs	-	-	-	(4,739,894,487)
Remuneration of councillors	1,142,933	1,142,933	-	(91,453,370)
Debt impairment	-	-	-	(821,215,068)
Depreciation and asset impairment	-	-	-	(1,060,301,357)
Finance charges	-	-	-	(632,350,791)
Materials and bulk purchases	479,665,145	479,665,145	-	(6,258,775,168)
Transfers and grants	7,214,198	7,214,198	-	(21,495,798)
Other expenditure	-	-	-	(4,180,161,516)
Total expenditure	**488,022,276**	**488,022,276**	**-**	**(17,805,647,555)**
Surplus/(Deficit)				**638,965,043**
Transfers recognised - capital				1,224,657,073
Contributions recognised - capital and contributed assets				117,380,914
Surplus (Deficit) after capital transfers and contributions				**1,981,003,030**
Surplus/(Deficit) for the year				**1,981,003,030**

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Statement of comparison of budget and actual amounts

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
	R	R	R	v
Capital expenditure and funds sources				
Total capital expenditure				3,115,999,216
Sources of capital funds				
Transfers recognised - capital				1,224,657,073
Public contributions and donations				117,380,914
Borrowing				1,773,961,229
Total sources of capital funds				**3,115,999,216**
Cash flows				
Net cash from (used) operating				4,051,419,020
Net cash from (used) investing				(4,699,168,815)
Net cash from (used) financing				716,123,515
Net increase/(decrease) in cash and cash equivalents				**68,373,720**
Cash and cash equivalents at the beginning of the year				859,580,312
Cash and cash equivalents at year end				**927,954,032**

Accounting Policies

1. Basis of preparation of annual financial statements

The consolidated annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with section 122(3) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003). The reporting framework is as prescribed by the Accounting Standards Board in Directive 5.

These consolidated annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless specified otherwise.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in the note "Changes in accounting policy", if applicable.

1.1 Consolidation

Basis of consolidation

The consolidated annual financial statements are the consolidated annual financial statements of the group presented as those of a single entity.

Control exists when the municipality has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The annual financial statements of the municipality and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as of the same reporting date.

Adjustments are made when necessary to the consolidated annual financial statements of the controlled entities to bring their accounting policies in line with those of the municipality.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

The term "economic entity" is used in GRAP 6 to define, for financial reporting purposes, a group of entities comprising the controlling entity and any controlled entities. Other terms sometimes used to refer to an economic entity include "administrative entity", "financial entity", "consolidated entity" and "group". For ease of reference and understanding the term "group" is used to refer to the "economic entity" and "municipality" is used to refer to the "controlling entity" in these consolidated annual financial statements.

1.2 Transfer of functions between entities not under common control

Definitions

An acquiree is the entity and/or the functions that the acquirer obtains control of in a transfer of functions.

An acquirer is the entity that obtains control of the acquiree or transferor.

Acquisition date is the date on which the acquirer obtains control of the acquiree.

Contingent consideration is usually an obligation of the acquirer to transfer additional assets or a residual interest to the former owners of an acquiree as part of the exchange for control of the acquiree if specified future events occur or conditions are met. However, contingent consideration also may give the acquirer the right to the return of previously transferred consideration if specified conditions are met.

Control is the power to govern the financial and operating policies of another entity so as to obtain benefit from its activities.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an entity’s objectives, either by providing economic benefits or service potential.

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

1.2 Transfer of functions between entities not under common control (continued)

A merger is the establishment of a new combined entity in which none of the former entities obtain control over any other and no acquirer can be identified.

Non-controlling interest is the interest in the net assets of a controlled entity not attributable, directly or indirectly, to a controlling entity.

Owners (for the purposes of this Standard), is used broadly to include holders of residual interests.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:
- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

A transfer of functions is the reorganisation and/or the re-allocation of functions between entities by transferring functions between entities or into another entity.

The acquisition method

The entity accounts for each transfer of functions between entities not under common control by applying the acquisition method.

Applying the acquisition method requires:
- identifying the acquirer;
- determining the acquisition date;
- recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- recognising the difference between (c) and the consideration transferred to the seller.

Identifying the acquirer

For each transfer of functions between entities not under common control, one of the combining entities is identified as the acquirer.

The terms and conditions of a transfer of functions undertaken between entities not under common control are set out in a binding arrangement.

Determining the acquirer includes a consideration of, amongst other things, which of the combining entities initiated the transaction or event, the relative size of the combining entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities. If no acquirer can be identified, the transaction or event is accounted for in terms of the Standard of GRAP on Mergers.

Determining the acquisition date

The acquirer identifies the acquisition date, which is the date on which it obtains control of the acquiree.

All relevant facts and circumstances are considered in identifying the transfer date.

Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree

Recognition principle

As of the acquisition date, the entity as acquirer recognises the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree.

Recognition conditions

To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the acquisition date.

In addition, to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must be part of what the entity as acquirer and the acquiree (or its former owners) agreed in the binding arrangement rather than the result of separate transactions.

Accounting Policies

1.2 Transfer of functions between entities not under common control (continued)

Operating leases:

The entity as acquirer recognises no assets or liabilities related to an operating lease in which the acquiree is the lessee.

The entity as acquirer determines whether the terms of each operating lease in which the acquiree is the lessee are favourable or unfavourable. The entity as acquirer recognises an intangible asset if the terms of an operating lease are favourable relative to market terms and a liability if the terms are unfavourable relative to market terms.

An identifiable intangible asset may be associated with an operating lease, which may be evidenced by market participants' willingness to pay a price for the lease even if it is at market terms.

Intangible assets:

The entity as acquirer separately recognises the identifiable intangible assets acquired in a transfer of functions. An intangible asset is identifiable if it meets either the separability criterion or the contractual-legal right criterion.

Classifying or designating identifiable assets acquired and liabilities assumed in a transfer of functions

At the acquisition date, the entity as acquirer classifies or designates the identifiable assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequent to the acquisition date. The entity as acquirer makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions as they exist at the acquisition date.

Measurement principle

The entity as acquirer measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

Non-controlling interest in an acquiree:

For each transfer of functions, the entity as acquirer measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either:
- fair value; or
- the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

Assets with uncertain cash flows (valuation allowances):

The entity as acquirer does not recognise a separate valuation allowance as of the acquisition date for assets acquired in a transfer of functions that are measured at their acquisition-date fair values because the effects of uncertainty about future cash flows are included in the fair value measure.

Assets subject to operating leases in which the acquiree is the lessor:

In measuring the acquisition-date fair value of an asset such as a building or a patent that is subject to an operating lease in which the acquiree is the lessor, the entity as acquirer takes into account the terms of the lease.

Exceptions to the recognition principles

Contingent liabilities:

The requirements in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets do not apply in determining which contingent liabilities to recognise as of the acquisition date. Instead, the entity as acquirer recognises as of the acquisition date a contingent liability assumed in a transfer of functions if it is a present obligation that arises from past events and its fair value can be measured reliably.

Exceptions to both the recognition and measurement principles

Employee benefits:

The entity as acquirer recognises and measures a liability (or asset, if any) related to the acquiree's employee benefit arrangements in accordance with the Standard of GRAP on Employee Benefits.

1.2 Transfer of functions between entities not under common control (continued)

Indemnification assets:

The seller in a transfer of functions may contractually indemnify the entity as acquirer for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability. The entity as acquirer recognises an indemnification asset at the same time that it recognises the indemnified item measured on the same basis as the indemnified item, subject to the need for a valuation allowance for uncollectible amounts. Therefore, if the indemnification relates to an asset or a liability that is recognised at the acquisition date and measured at its acquisition-date fair value, the entity as acquirer recognises the indemnification asset at the acquisition date measured at its acquisition-date fair value. For an indemnification asset measured at fair value, the effects of uncertainty about future cash flows because of collectability considerations are included in the fair value measure and a separate valuation allowance is not necessary.

Exceptions to the measurement principle

Reacquired rights:

The entity as acquirer measures the value of a reacquired right recognised as an intangible asset on the basis of the remaining contractual term of the related contract or other binding arrangement regardless of whether market participants would consider potential renewals of the contract or other binding arrangement in determining its fair value.

Assets held for sale:

The entity as acquirer measures an acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date in accordance with the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations at fair value less costs to sell.

Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred (If any)

The entity as acquirer recognises the difference between the assets acquired and liabilities assumed and the consideration transferred (if any) as of the acquisition date in surplus or deficit. This difference is measured as the excess of (a) over (b) below:

- the aggregate of:
- (i) the consideration transferred (if any) measured in accordance with this Standard, which generally requires acquisition-date fair value (see paragraph .66);
- (ii) the amount of any non-controlling interest in the acquiree measured in accordance with this Standard; and
- (iii) in a transfer of functions achieved in stages (see paragraphs .70 and .71), the acquisition-date fair value of the entity as acquirer's previously held equity interest in the acquiree.
- the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this Standard.

Consideration transferred

The consideration transferred in a transfer of functions is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the entity as acquirer, the liabilities incurred by the entity as acquirer to former owners of the acquiree and the residual interests issued by the entity as acquirer.

Contingent consideration:

The consideration the entity as acquirer transfers in exchange for the acquiree includes any asset or liability resulting from a contingent consideration arrangement. The entity as acquirer recognises the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree.

The entity as acquirer classifies an obligation to pay contingent consideration as a liability or as net assets on the basis of the definitions of a residual interest and a financial liability in the Standard of GRAP on Financial Instruments, or other applicable Standard of GRAP. The entity as acquirer classifies as an asset a right to the return of previously transferred consideration if specified conditions are met.

A transfer of functions achieved in stages

An entity as acquirer sometimes obtains control of an acquiree in which it held a residual interest immediately before the acquisition date.

In a transfer of functions achieved in stages, the entity as acquirer remeasures its previously held residual interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss, if any, in surplus or deficit. In prior reporting periods, the entity as acquirer may have recognised changes in the value of its residual interest in the acquiree in surplus or deficit. If so, the amount that was recognised in surplus or deficit is recognised on the same basis as would be required if the entity as acquirer had disposed directly of the previously held residual interest.

Accounting Policies

1.2 Transfer of functions between entities not under common control (continued)

Measurement period

If the initial accounting for a transfer of functions is incomplete by the end of the reporting period in which the transfer occurs, the entity as acquirer reports in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the entity as acquirer retrospectively adjusts the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the entity as acquirer also recognises additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the entity as acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period does not exceed two years from the acquisition date.

Determining what is part of the transfer of functions transaction

The entity as acquirer and the acquiree may have a pre-existing relationship or other arrangement before or when negotiations for the transfer of functions began, or they may enter into a binding arrangement during the negotiations that is separate from the transfer of functions. In either situation, the entity as acquirer identifies any amounts that are not part of what the entity as acquirer and the acquiree (or its former owners) exchanged in the transfer of functions. The acquirer recognises as part of applying the acquisition method only the consideration transferred (if any) for the acquiree and the assets acquired and liabilities assumed by the entity as acquirer in the transfer of functions as governed by the terms and conditions of the binding arrangement.

Effective settlement of a pre-existing relationship between the entity as acquirer and acquiree in a transfer of functions

A pre-existing relationship between the entity as acquirer and acquiree may be contractual or non-contractual.

If the transfer of functions in effect settles a pre-existing relationship, the entity as acquirer recognises a gain or loss, measured as follows:

- for a pre-existing non-contractual relationship, fair value.
- for a pre-existing contractual relationship, the lesser of (i) and (ii):
  (i) the amount by which the binding arrangement is favourable or unfavourable from the perspective of the entity as acquirer when compared with terms for current market transactions for the same or similar items.
  (ii) the amount of any stated settlement provisions in the binding arrangement available to the counterparty to whom the contract is unfavourable.
  If (ii) is less than (i), the difference is included as part of the transfer of functions accounting. The amount of gain or loss recognised may depend in part on whether the entity as acquirer had previously recognised a related asset or liability, and the reported gain or loss therefore may differ from the amount calculated by applying the above requirements.

A pre-existing relationship may be a contract that the entity as acquirer recognises as a reacquired right. If the binding arrangement includes terms that are favourable or unfavourable when compared with pricing for current market transactions for the same or similar items, the entity as acquirer recognises, separately from the transfer of functions, a gain or loss for the effective settlement of the contract.

Acquisition-related costs:

Acquisition-related costs are costs the entity as acquirer incurs to effect a transfer of functions. Those costs include advisory, legal, accounting, valuation and other professional or consulting fees, general administrative costs, and costs of registering and issuing debt and equity securities (if applicable). The entity as acquirer accounts for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received, with one exception. The costs to issue debt or equity securities (if applicable) are recognised in accordance with the Standard of GRAP on Financial Instruments.

Subsequent measurement and accounting

In general, an entity as acquirer subsequently measures and accounts for assets acquired, liabilities assumed or incurred and the residual interest issued in a transfer of functions in accordance with other applicable Standards of GRAP for those items, depending on their nature.

Reacquired rights

A reacquired right recognised as an intangible asset is amortised over the remaining contractual period of the contract in which the right was granted. An entity as acquirer that subsequently sells a reacquired right to a third party includes the carrying amount of the intangible asset in determining the gain or loss on the sale.

1.2 Transfer of functions between entities not under common control (continued)

Contingent liabilities

After initial recognition and until the liability is settled, cancelled or expires, the entity as acquirer measures a contingent liability recognised in a transfer of functions at the higher of:

- the amount that would be recognised in accordance with the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, if appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Indemnification assets

At the end of each subsequent reporting period, the entity as acquirer measures an indemnification asset that was recognised at the acquisition date on the same basis as the indemnified liability or asset, subject to any limitations as set in the binding arrangement on its amount and, for an indemnification asset that is not subsequently measured at its fair value, management's assessment of the collectability of the indemnification asset. The entity as acquirer derecognises the indemnification asset only when it collects the asset, sells it or otherwise loses the right to it.

Contingent consideration

Some changes in the fair value of contingent consideration that the entity as acquirer recognises after the acquisition date may be the result of additional information that the entity as acquirer obtained after that date about facts and circumstances that existed at the acquisition date. However, changes resulting from events after the acquisition date, such as meeting a performance target, or reaching a milestone on a research and development project, are not measurement period adjustments. The entity as acquirer accounts for changes in the fair value of contingent consideration that are not measurement period adjustments as follows:

- Contingent consideration classified as net assets shall not be remeasured and its subsequent settlement is accounted for within net assets.
- Contingent consideration classified as an asset or a liability that:
  (i) is a financial instrument and is within the scope of the Standard of GRAP on Financial Instruments is measured at fair value, with any resulting gain or loss recognised in surplus or deficit in accordance with that Standard of GRAP.
  (ii) is not within the scope of the Standard of GRAP on Financial Instruments is accounted for in accordance with the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets or other Standards of GRAP as appropriate.

1.3 Presentation currency

The consolidated annual financial statements are presented in South African Rand, which is the functional currency of the group and amounts have been rounded to the nearest Rand.

1.4 Going concern assumption

These consolidated annual financial statements have been prepared on a going concern basis, i.e. the assumption that the group will continue to operate as a going concern for at least the next 12 months. Refer to note 66.

1.5 Investment property

Investment property, is property held to earn rental revenue or for capital appreciation or both.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the group, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Investment property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property.

Land held for a currently undetermined future use is recognised as investment property.

The gain or loss on the disposal or retirement of investment property is determined as the difference between the sales proceeds and the carrying value of the asset on the date of disposal and is recognised in the surplus or deficit for the year.

Accounting Policies

1.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Property, plant and equipment are initially measured at cost or where assets have been acquired by grant, donation or other non-exchange transaction the cost is considered to be the fair value of the asset at date of acquisition.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment for purposes of determining the amount of depreciation for the asset to which it relates.

The useful lives of items of property, plant and equipment were assessed as follows:

Asset category	**Average useful life (Years)**
Infrastructure: Electricity	
• Cables	20-50
• Control centre	20-45
• Fibre optic cables	25-50
• High mast lighting	10-45
• General electrical equipment	30-40
• Lines: Overhead	20-50
• Lines: Underground	25-50
• Meters: Pre-paid	10-20
• Meters: Credit	20-30
• Pole/structure	20-35
• Substations: Structure	20-30
• Substations: Civil	20-50
• Substations: Equipment	20-50
• Substations: Switchgear	20-50
• Transformers	25-50
Infrastructure: Water	
• Meters	10-20
• Bulk meters	40-120
• Supply/reticulation	40-120
• Pump station: Structure	30-55
• Pump station: Civil	30-55
• Pump station: Electrical	15-40
• Pump station: Mechanical	15-40
• Pump station: Perimeter protection	10-25
• Pump station: Pipe works	40-120
• Pressure relief valve station: Structure	30-55
• Pressure relief valve station: Civil	30-55
• Pressure relief valve station: Electrical	15-40
• Pressure relief valve station: Metal work	10-30
• Pressure relief valve station: Perimeter protection	10-25
• Pressure relief valve station: Pipe works	40-120
• Boreholes: Structure	30-50
• Boreholes: Civil	20-55
• Boreholes: Electrical	15-40
• Boreholes: Mechanical	15-40
• Boreholes: Perimeter protection	10-25
• Boreholes: Pipe works	40-120
• Water treatment plant: Structure	30-50
• Water treatment plant: Civil	30-55
• Water treatment plant: Electrical	15-40
• Water treatment plant: Mechanical	15-40
• Water treatment plant: Perimeter protection	10-25
• Water treatment plant: Pipe works	40-120

1.6 Property, plant and equipment (continued)

• Service reservoir: Structure	30-50
• Service reservoir: Civil	30-55
• Service reservoir: Electrical	15-40
• Service reservoir: Mechanical	15-40
• Service reservoir: Pipe works	40-120
• Dams/Weirs/Fountains: Structure	30-50
• Dams/Weirs/Fountains: Civil	30-55
• Dams/Weirs/Fountains: Electrical	15-40
• Dams/Weirs/Fountains: Mechanical	15-40
• Dams/Weirs/Fountains: Perimeter protection	10-25
• Dams/Weirs/Fountains: Pipe works	40-120
Sewerage	
• Bulk meter	40-120
• Outfall sewer: Civil	30-55
• Outfall sewer: Electrical	15-40
• Sewerage pump station: Structure	30-55
• Sewerage pump station: Electrical	15-40
• Sewerage pump station: Mechanical	15-40
• Sewerage pump station: Perimeter protection	10-25
• Sewerage pump station: Pipe works	40-120
• Sewer reticulation: Structure	30-55
• Sewer reticulation: Pipe works	40-120
• Waste water treatment plant: Structure	30-55
• Waste water treatment plant: Electrical	15-40
• Waste water treatment plant: Mechanical	15-40
• Waste water treatment plant: Perimeter protection	10-25
• Waste water treatment plant: Pipe works	40-120
• Reservoir	30-50
Buildings	
• Dwellings (hostels, housing schemes, residences, etc)	25-50
• Non-residential (agricultural, clinics, fire stations, museums, etc)	25-50
• Non-residential: Perimiter protection	10-45
Landscaping	
• Landscaping	10-15
Solid waste disposal:	
• Tip site: Structure	25-30
Railways:	
• Sidings	25-30
Roads:	
• Bridges: Vehicle (concrete)	50-80
• Bridges: Pedestrian (concrete)	50-80
• Storm water: Culverts	25-40
• Storm water: Inlet, junction point, outlet	25-50
• Storm water: Pipes	25-50
• Roads: Kerb and channels	20-50
• Roads: Municipal roads- butimen layer	20-45
• Roads: Municipal roads - butimen surface	10-45
• Roads: Municipal roads -mixed surface layer	20-45
• Roads: Municipal roads - mixed surface surface	10-45
• Roads: Municipal roads - paving blocks layer	10-45
• Roads: Municipal roads - paving blocks surface	20-45
• Roads: Municipal roads - unpaved layer	10-45
• Roads: Municipal roads - unpaved surface	10-45
• Roads: Overhead traffic signs	15-20
• Roads: Street lighting	10-50
• Roads: Traffic signals	15-20
• Roads: Traffic signs	5-30
• Roads: Tunnel	50-80
• Roads: Municipal roads (butimen surface)	30-50
Cemeteries	
• **Cemeteries**	25-30
Other machinery and equipment:	
• Irrigation equipment	10-15
• Cold room	10-15
• Telecommunication equipment	3-30

Accounting Policies

1.6 Property, plant and equipment (continued)

Computer equipment:	
• Networks	3-15
Heritage assets:	
• Historical buildings	25-30
Other:	
• Specialist vehicles	8-20
• Other vehicles	8-35
• Office equipment	5-20
• Furniture and fittings	5-15
• Watercraft	5-10
• Bins and containers	5-15
• Specialist plant and equipment	10-25
• Other plant and equipment	2-20
• Landfill sites and quarries	1-50
• Books	5-30
• Library material	5-30
Leased assets	
• Vehicles, equipment, etc	3-20
Livestock	
• Livestock	8-20
Community assets	
• Recreation facilities	15-45
• Playing apparatus	5-35

Subsequent expenditure:

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential over the total life of the asset in excess of the most recently assessed standard of performance of the existing asset will flow to the group. All other repairs and maintenance are charged to surplus or deficit for the year in which they are incurred.

Depreciation:

Depreciation is recognised on a straight line basis over the estimated useful life of the asset to its residual value from the day that the asset is ready for use.

Residual value is what the asset would currently receive if in the condition it would be at the end of its useful life. The asset's residual values and useful lives are reviewed and adjusted if appropriate at each reporting date and any changes are recognised as a change in accounting estimate in surplus or deficit for the year. The actual useful lives of the assets, residual values and depreciation method are assessed annually and might vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance program are taken into account.

Impairment of property, plant and equipment:

The group tests for impairment where there is an indication that an asset might be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount) it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to surplus or deficit for the year.

Disposal of property, plant and equipment:

The gain or loss on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value of the asset on the date of disposal and is recognised in surplus or deficit for the year.

Land

Land is not depreciated as it is deemed to have an indefinite useful life.

Incomplete construction work (Assets under construction)

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use.

1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

1.7 Heritage assets (continued)

Class of heritage assets means a grouping of heritage assets of a similar nature or function in a group’s operations that is shown as a single item for the purpose of disclosure in the consolidated annual financial statements.

Recognition

The group recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the group, and the cost or fair value of the asset can be measured reliably.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The group derecognises a heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

Transitional provision

The group changed its accounting policy for heritage assets in 2013. The change in accounting policy is made in accordance with the transitional provision as per Directive 3 of the GRAP Reporting Framework.

According to the transitional provisions, the group is not required to measure heritage assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Heritage assets. Heritage assets have accordingly been recognised at provisional amounts, as disclosed in note 16. The transitional provision expires on 30 June 2015.

In accordance with the transitional provision as per Directive 3 of the GRAP Reporting Framework, where heritage assets were acquired through a transfer of functions, the group is not required to measure those heritage assets for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later.

Until such time as the measurement period expires and heritage assets are recognised and measured in accordance with the requirements of the Standard of GRAP on Heritage assets, the group need not comply with the Standards of GRAP on the following (to the extent that these Standards prescribe requirements for heritage assets):
- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Heritage assets implies that any associated presentation and disclosure requirements need not be complied with for heritage assets not measured in accordance with the requirements of the Standard of GRAP on Heritage assets.

1.8 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the group; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are carried at cost less accumulated amortisation and any impairment losses. Software is amortised on a straight-line-basis over its anticipated useful life. Generally, costs associated with developing computer software programs are recognised as an expense as incurred. However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the group and have an probable benefit exceeding the cost beyond one year, are recognised as an intangible asset.

Expenditure which enhances and extends the benefits of computer software programs beyond the original life of the software is capitalised. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives. Costs associated with the maintenance of existing computer software programs are expensed as incurred.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

1.8 Intangible assets (continued)

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Computer software, other	5 years
Servitudes	Indefinite

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.9 Biological assets (game)

Biological assets (game) are measured at their fair value less point-of-sale costs.

The fair value of livestock (game) is determined based on market prices of livestock of similar age, breed, and genetic merit.

A gain or loss arising on initial recognition of biological assets (game) or agricultural produce at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological assets (game) is included in surplus or deficit for the period in which it arises. A gain or loss arising on initial recognition of biological assets at fair value less estimated point-of-sale costs is included in surplus or deficit for the period in which it arises.

1.10 Non-current and current assets held for sale and disposal groups

Non-current and current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current and current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.11 Inventories

Inventories (consumable stores, raw materials, work in progress and finished goods) are measured at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Accounting Policies

1.11 Inventories (continued)

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

Land held for development, including land in the course of development until legal completion of the sale of the asset, is initially recorded at cost. Where, through deferred purchase credit terms, cost differs from the nominal amount which will actually be paid in settling the deferred purchase terms liability, no adjustment is made to the cost of the land, the difference being charged as a finance cost.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to the development.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Internal reserves

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment amounts are transferred from surplus or deficit for the year to the Capital Replacement Reserve in terms of the implementation guidelines on GRAP. These transfers from the net surplus may only be made if they are backed by cash. The amount transferred to the CRR is based on the group's need to finance future capital projects included in the Integrated Development Plan. The following provisions are set for the creation and utilisation of the CRR:

- The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the group.
- Interest earned on the CRR investment is recorded as part of total interest earned in surplus or deficit for the year.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the group and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR an amount equal to the cost price of the asset purchased is transferred from the CRR into a future depreciation reserve called the Capitalisation Reserve (CR). This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the CRR. The capitalisation reserve is used to offset depreciation charged on assets purchased out of the CRR to avoid double taxation of the consumers.
- If a gain is made on the sale of assets previously purchased out of the CRR the gain on these assets sold is reflected in surplus or deficit for the year.

No mention is made in GRAP 1 of any reserves and therefore the balance of this reserve was transferred to the accumulated surplus in 2011/12.

Capitalisation reserve

On the implementation of GRAP, the balance of certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment, were transferred to a Capitalisation Reserve rather than the accumulated surplus/deficit, as in prior years, in terms of a directive (Circular No. 18) issued by National Treasury. The purpose of this reserve is to promote consumer equity by ensuring that the future depreciation charge that will be incurred over the useful lives of these items of property, plant and equipment is offset by transfers from this reserve to the accumulated surplus/deficit.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/deficit.

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/deficit.

No mention is made in GRAP 1 of any reserves and therefore the balance of this reserve was transferred to the accumulated surplus in 2011/12

1.12 Internal reserves (continued)

Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/deficit to the Government Grants Reserve equal to the government grant recorded as revenue in surplus or deficit in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit. The purpose of this approach is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

No mention is made in GRAP 1 of any reserves and therefore the balance of this reserve was transferred to the accumulated surplus in 2011/12.

Self insurance reserve

A Self-insurance Reserve was established and, subject to external insurance where deemed necessary, covers claims that might occur. Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

Contributions to and from the reserve are transferred via the Statement of Changes in Net Assets to the reserve in line with the amount provided for in the operating budget.
- The total amount of insurance premiums paid to external insurers are regarded as expenses and must be shown as such in surplus or deficit for the year. These premiums do not affect the Self-insurance reserve.
- Claims received from external insurers are utilised in the calculation of a profit or loss on the scrapping of damaged assets and are therefore effectively recorded in surplus or deficit for the year.
- Claims received to meet repairs of damages on assets are reflected as income in surplus or deficit for the year.

The Self-insurance reserve is based on recognised insurance industry principles. In determining the level of capacity required an agreed methodology has been adopted. The calculation of the required capacity of the Self insurance reserve is consistently applied annually based on the following methodology:
- Determination of the forecast surplus (free) capacity within the Self-insurance reserve
- The following liabilities are taken into account in determining this surplus capacity:
  Reported known outstanding claims and statistically forecast losses for the remainder of the underwriting period (IBNR = claims incurred but not yet reported)
- Probability and quantification of a catastrophic loss
- Comparison of the surplus (free) capacity to the declared value of the highest service delivery asset to determine the shortfall that exist based on the assumption that sufficient capacity will be built up to cover that asset through the Self-insurance reserve over an agreed period of time.
- Spread the shortfall over a 5-year period (in terms of the Long-Term Insurance Strategy)
- Adjust for inflation with the agreed relevant indices.
- Determine the annual premium contribution to reach the target capacity over a five-year period.
- Apply a probability and affordability factor to the ideal premium contribution to determine the budged premium contribution over a five-year period.

Compensation for occupational injuries and diseases (COID) reserve

The City of Tshwane has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases (COID). In terms of this exemption the City of Tshwane established a COID Reserve to offset claims from employees. Amounts are transferred to the COID reserve from the accumulated surplus based on the statutory rate of contributions set out in the Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993) as well as additional amounts deemed necessary to ensure that the balance of the reserve is adequate to offset potential claims.

Contributions to the COID reserve are based on 1% of the annual remuneration of employees that qualify for COID benefits. All employees earning more than R312 480 per annum are reinsured by what is called a "COID Wrap Around" policy. Claims are paid as determined by the Compensation Commissioner and are reflected in surplus or deficit for the year. Claims are settled by transferring a corresponding amount from the COID reserve to the accumulated surplus in the Statement of Changes in Net Assets.

Donations and public contributions reserve

Revenue received from donations and public contributions may be transferred to the Capital replacement reserve (CRR) and utilised via the CRR to finance items of property, plant and equipment.

No mention is made in GRAP 1 of any reserves and therefore the balance of this reserve was transferred to the accumulated surplus in 2011/12.

1.13 Housing development fund

Section 15(5) and 16 of the Housing Act (Act 107 of 1997) , which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. This legislated separate operating account will be known as the Housing Development Fund. The Housing Act also requires in terms of section 14(4)(d)(iii)(aa) read with, inter alia, section 16(2) that the net proceeds of any letting, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the municipality for housing development subject to the approval of the Provincial MEC responsible for housing. Loans from National and Provincial Government that were used to finance housing selling schemes were extinguished on 1 April 1998 and transferred to the Housing Development fund. The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund must have its own separate bank account OR allocated investments and must be backed by cash.
- Any contributions to or from the fund must be shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments backing up this fund must be recorded as part of interest earned in surplus or deficit for the year and can be transferred via the Statement of Changes in Net Assets to the Housing Development Fund.
- Any cash-backed surplus or deficit on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

1.14 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are measured at the present value of the expenditures expected to be incurred to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 55.

- **Clearing of alien vegetation**
  In terms of the Conservation of Agricultural Resources Act, 1983 (Act 43 of 1983) the provision for the clearing of alien vegetation was established to address the backlogs that exist in the clearing of alien plants.

- **Cleaning up of illegal dumping**
  The City of Tshwane is cleaning up illegal dumping on an ongoing basis as part of maintenance. Therefore there is no backlog cleaning that needs to take place. No provision is currently made for the cleaning up of illegal dumping.

- **Landfill sites**
  The City of Tshwane has an obligation to rehabilitate its landfill sites in terms of its license stipulations. A provision was established from 2007/08. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation and is carried at amortised cost.

- **Quarries**
  In terms of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002), section 52(2)(d), the City of Tshwane is required to rehabilitate its quarries and borrow pits after these quarries and borrow pits have been closed. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation and is carried at amortised cost.

1.15 Retirement benefits

Pension, Provident and Retirement Funds

The City of Tshwane and its employees contribute to various pension, provident and retirement funds and its councillors contribute to the Pension Fund for Municipal Councillors. The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed by the relevant funds on a regular basis as per the requirements of the various funds.

Current contributions are charged against the relevant expense account of the City of Tshwane at a percentage of the basic salary paid to employees, or allowances in the case of councillors. Pension contributions in respect of employees who were not members of a pension fund (e.g. gratuity) are recognised as an expense when incurred.

1.15 Retirement benefits (continued)

The Tshwane Pension fund is a defined benefit plan. The cost of providing these benefits is determined on the Projected Unit Credit Method prescribed by IAS 19 and actuarial valuations are performed at each reporting date. The retirement benefit obligation presented in the statement of financial position presents the sum of the present value of the obligation less the fair value of plan assets plus/minus any balance of unrecognised actuarial gains or losses, minus any balance of unrecognised past service cost.

Multi-employer funds are treated as defined contribution funds, due to the nature of these funds and the fact that the assets are not specifically associated to meet the obligation in respect of individual employers in terms of paragraph 30 of IAS 19.

Defined contribution plans: Sandspruit Works Association
Sandspruit Works Association has a defined contribution plan registered with Alexander Forbes Retirement Fund (Registration nr 12/8/34766). Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Medical Aid: Continued members

The City of Tshwane provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality.

According to the rules of the medical aid funds associated with the municipality, when a member, who joined the organisation under the current conditions of service, retires is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The cost of providing these benefits is determined on the basis of the Projected Unit Credit Method prescribed by IAS 19. Future benefits values are projected using specific actuarial assumptions and the liability for in-service members is accrued over expected working lifetime. No plan assets exist and any actuarial gains and losses are recognised immediately.

1.16 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The group recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the group's net investment in the finance lease.

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Finance leases - lessee

The entity leases certain property, plant and equipment. Leases of property, plant and equipment where the City of Tshwane assumes substantially all the risks and rewards of ownership are classified as finance leases. The group will not incur a foreign currently lease liability other than that allowed by the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

1.16 Leases (continued)

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Operating leases are those leases which do not fall within the scope of the above definition of finance leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

1.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity’s statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the ‘underlying’).
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm’s length transaction.

1.17 Financial instruments (continued)

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:
- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Accounting Policies

1.17 Financial instruments (continued)

Classification

The group has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	**Category**
Consumer debtors	Financial asset measured at amortised cost
Other debtors	Financial asset measured at amortised cost
Long-term receivables:	
Housing loans	Financial asset measured at amortised cost
Loans to sport clubs	Financial asset measured at amortised cost
Sale of land	Financial asset measured at amortised cost
Arrangement debtors	Financial asset measured at amortised cost
Cash	Financial asset measured at amortised cost
Investments	Financial asset measured at amortised cost
Interest rate swap	Financial asset measured at fair value

The group has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	**Category**
Term loans	Financial liability measured at amortised cost
Local registered stock	Financial liability measured at amortised cost
Annuity loans	Financial liability measured at amortised cost
Municipal bonds	Financial liability measured at amortised cost
Trade payables:	
Payables from exchange transactions	Financial liability measured at amortised cost
Retention creditors	Financial liability measured at amortised cost
Deposits	Financial liability measured at amortised cost
Deferred operating lease liability	Financial liability measured at amortised cost
VAT	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost
Unspent grants	Financial liability measured at amortised cost
Lease liabilities	Financial liability measured at amortised cost

Initial recognition

The group recognises a financial asset or a financial liability in its statement of financial position when the group becomes a party to the contractual provisions of the instrument.

The group recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The group measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The group measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost (if applicable)

All financial assets measured at amortised cost or cost are subject to an impairment review.

Accounting Policies

1.17 Financial instruments (continued)

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the group establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The group does not reclassify a financial instrument while it is issued or held unless it is:
- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the group cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the group reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The group assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The group derecognises financial assets using trade date accounting.

1.17 Financial instruments (continued)

The group derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the group, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the group :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the group transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the group has retained substantially all the risks and rewards of ownership of the transferred asset, the group continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the group recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The group removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit. Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the group does not offset the transferred asset and the associated liability.

Accounting Policies

1.18 Translation of foreign currencies

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the entity (i.e. SA Rand) using the rate of exchange prevailing on the date of the transaction. Trade creditors denominated in foreign currency are reported at the Statement of Financial Position date by using the exchange rate at that date. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded during the period are recognised as revenue or as expense in the period in which they arise.

Where a transaction is covered by a forward exchange contract, the rate specified in the contract is used. The group will not incur a foreign currency liability other than that allowed by the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

1.19 Revenue from exchange transactions

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the group and these benefits can be measured reliably.

Revenue from exchange transactions refers to revenue that accrued to the group directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable.

The percentage of completion method is utilised to recognise revenue on long-term contracts. Management exercises judgment in calculating the deferred revenue reserve which is based on the anticipated cost of repairs over the life cycle of the equipment applied to the total expected revenue arising from maintenance and repair contracts.

Measurement

Revenue is measured at the fair value of the consideration received or receivable for the supply of services in the ordinary course of activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the group has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the group;
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service charges

Service charges relating to electricity, water and sanitation are based on consumption. Waste removal is based on the size of the bin and the number of times it is collected. Meters are read and billed on a monthly basis and revenue is recognised when invoiced. Estimates of consumption are made monthly when meter readings have not been performed (up to a maximum of 3 months). The estimates of consumption are recognized as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period. Waste removal services are billed on a monthly basis.

Accounting Policies

1.19 Revenue from exchange transactions (continued)
Services provided on a prepayment basis

Various services are provided on a prepayment basis in which case no formal billing takes place and revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

Income from agency services

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of an agency agreement.

Housing rental and installments

Income in respect of housing rental and installments are accrued monthly in advance. Finance income from the sale of housing by way of installment sales agreements or finance leases is recognised on a time proportionate basis.

Collection charges

Collection charges are recognised when such amounts are incurred/earned.

Interest, royalties and dividends

Interest earned on investments is recognised on a time proportionate basis that takes into account the effective yield on the investments. Interest earned on outstanding debtors is recognised on a time proportionate basis.

1.20 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality or municipal entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality or municipal entity either receives value from another municipality or municipal entity without directly giving approximately equal value in exchange, or gives value to another municipality or municipal entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the group.

When, as a result of a non-exchange transaction, the municipality or municipal entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes

The group recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the group controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The group analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from services in kind, which are not recognised, the group recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the group.

Where the group collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality or municipal entity, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality or municipal entity and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised but are disclosed in the notes to the financial statements.

Services in-kind are recognised as revenue and as assets.

Concessionary loans received/granted

A concessionary loan is a loan granted to or received by an municipality or municipal entity on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the municipality or municipal entity recognises revenue as and when it satisfies the conditions of the loan agreement.

Accounting Policies

1.21 Grants, donations and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality or municipal entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. Unconditional grants and receipts are recognised upon receipt.

1.22 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.23 Value added tax

The group accounts for Value Added Tax on the cash basis.

1.24 Segmental information

The principle segments have been identified on a primary basis by service operation and on a secondary basis by the classification of income and expenditure. The primary basis is representative of the internal structure for both budgeting and management purposes. The secondary basis classifies all operations based on the classification of income and expenditure.

Segmental information on property, plant and equipment, as well as income and expenditure is set out in the appendices which is determined by National Treasury. These appendices does not form part of the audited financial statements but is supplementary information.

1.25 Grants-in aid (Expense)

The group annually awards grants to individuals and organisations based on merit. When making these transfers, the group does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

1.26 Unauthorised expenditure

Unauthorised expenditure means:

- Overspending of a vote or a main division within a vote; and
- Expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.27 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), the Public Office Bearers Act, 1993 (Act 20 of 1998) or in contravention of the group's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as an expense in surplus or deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in surplus or deficit for the year.

1.28 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which is made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in surplus or deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in surplus or deficit.

Accounting Policies

1.29 Comparative figures

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

Where accounting errors have been identified in the current financial year the correction is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly.

The comparative figures (accounting policy and disclosures) may not be consistent with the current year accounting policies and disclosures due to the implementation of the new GRAP standards.

1.30 Tax

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused Secondary Tax on Companies (STC) credits to the extent that it is probable that a future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The City of Tshwane Metropolitan Municipality is exempt from tax in terms of section 10(1)cB(i)(ff) of the Income Tax Act.

Sandspruit Works Association and Housing Company Tshwane are exempt from tax in terms of section 10(1)cA(ii) of the Income Tax Act. Tshwane Economic Development Agency (TEDA) is in the process of registering for tax.

1.31 Significant judgements and sources of estimation uncertainty

The preparation of these financial statements in conformity with GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgemental in the process of applying the group's accounting policies. The areas involving a higher degree of judgemental or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes to the financial statements where applicable.

Trade receivables /Investments and/or loans and receivables

The group assesses its trade receivables, investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, judgemental has to be made as to whether there were observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment is measured at the reporting date taking into account the different classes of debtors and the history of payment success of debtors.

Financial assets

The group follows the guidance of GRAP 104 to determine when a financial asset is impaired. This determination requires significant judgment. In making this judgment, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

1.31 Significant judgements and sources of estimation uncertainty (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Impairment testing

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

Provisions are raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 6 - Provisions.

Useful lives of property, plant and equipment

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 44.

Effective interest rate

The group uses the weighted average interest rate on external borrowings to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured at the reporting date taking into account the different classes of debtors and the history of payment success of debtors.

1.32 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as ‘decommissioning, restoration and similar liabilities’. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:
(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.33 Impairment of non-cash-generating assets

The group has implemented GRAP 21 and 26 on the impairment of assets based on a position paper adopted on these standards. Based on the position paper all assets tested during the financial year under review were treated according to GRAP 21: Impairment of non-cash generating assets. Although the group hold material amounts of infrastructure assets such as water and electricity networks where a cost plus return is billed for services rendered, the majority of these assets are non-cash generating as the primary objective of such services is not to generate a commercial return that reflects the risk involved in holding the asset, but rather to provide a basic service in terms of the group's constitutional mandate.

Cash-generating assets are those assets held by the group with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:
(a) the period of time over which an asset is expected to be used by the group; or
(b) the number of production or similar units expected to be obtained from the asset by the group.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The group assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the group estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the group also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the group would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an over designed or overcapacity asset. Over designed assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the group recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The group assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the group estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.34 Budget information

The group are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the group shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2012/07/01 to 2013/06/30.

The consolidated annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts (Appropriation Statement in terms of Circular 67 of National Treasury).

1.35 Related parties

The group operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the group, including those charged with the governance of the group in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the group.

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Impact on financial statements:
• GRAP 23: Revenue from Non-exchange Transactions	01 April 2012	Comparatives restated - reclassfication
• GRAP 24: Presentation of Budget Information in the Financial Statements	01 April 2012	Separte appropriation statement included
• GRAP 103: Heritage Assets	01 April 2012	Change in accounting policy adopted transitional provisions
• GRAP 21: Impairment of non-cash-generating assets	01 April 2012	More disclosure
• GRAP 26: Impairment of cash-generating assets	01 April 2012	More disclosure
• GRAP 104: Financial Instruments	01 April 2012	More disclosure and new categories

2.2 Standards and interpretations issued, but not yet effective

The group has not applied the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 July 2013 or later periods:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the group. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the group's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have no been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

The adoption of this standard is not expected to impact on the results of the municipality or group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 25: Employee benefits

The objective of GRAP 25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires a group to recognise:
- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when a group consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP 25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

GRAP 25 defines, amongst others, the following:
- Employee benefits as all forms of consideration given by a group in exchange for service rendered by employees;
- Defined contribution plans as post-employment benefit plans under which a group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods;
- Defined benefit plans as post-employment benefit plans other than defined contribution plans;

2. New standards and interpretations (continued)

- Multi-employer plans as defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that:
  - pool the assets contributed by various entities that are not under common control; and
  - use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the group that employs the employees concerned;
- Other long-term employee benefits as employee benefits (other than post-employment benefits and termination benefits) that is not due to be settled within twelve months after the end of the period in which the employees render the related service;
- Post-employment benefits as employee benefits (other than termination benefits) which are payable after the completion of employment;
- Post-employment benefit plans as formal or informal arrangements under which a group provides post-employment benefits for one or more employees;
- Short-term employee benefits as employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service;
- State plans as plans other than composite social security programmes established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation;
- Termination benefits as employee benefits payable as a result of either:
  - an entity's decision to terminate an employee's employment before the normal retirement date; or
  - an employee's decision to accept voluntary redundancy in exchange for those benefits;
- Vested employee benefits as employee benefits that are not conditional on future employment.

The standard states the recognition, measurement and disclosure requirements of:

- Short-term employee benefits;
  - All short-term employee benefits;
  - Short-term compensated absences;
  - Bonus, incentive and performance related payments;
- Post-employment benefits: Defined contribution plans;
- Other long-term employee benefits;
- Termination benefits.

The standard states Post-employment benefits: Distinction between defined contribution plans and defined benefit plans:

- Multi-employer plans;
- Defined benefit plans where the participating entities are under common control;
- State plans;
- Composite social security programmes;
- Insured benefits.

The standard states, for Post-employment benefits: Defined benefit plans, the following requirements:

- Recognition and measurement;
- Presentation;
- Disclosure;
- Accounting for the constructive obligation;
- Statement of financial position;
- Asset recognition ceiling;
- Asset recognition ceiling: When a minimum funding requirement may give rise to a liability;
- Statement of financial performance.

The standard prescribes recognition and measurement for:

- Present value of defined benefit obligations and current service cost:
  - Actuarial valuation method;
  - Attributing benefits to periods of service;
  - Actuarial assumptions;
  - Actuarial assumptions: Discount rate;
  - Actuarial assumptions: Salaries, benefits and medical costs;
  - Actuarial gains and losses;
  - Past service cost.
- Plan assets:
  - Fair value of plan assets;
  - Reimbursements;
  - Return on plan assets.

The standard also deals with Entity combinations and Curtailments and settlements.

This standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

The effective date of the standard is for years beginning on or after 01 April 2013.

The group expects to adopt the standard for the first time in the 2014 consolidated annual financial statements.

The adoption of this standard is not expected to impact on the results of the municipality or group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 105: Transfers of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers definitions, identifying the acquirer and transferor, determining the transfer date, assets acquired or transferred and liabilities assumed or relinquished, accounting by the acquirer and transferor, disclosure, transitional provisions as well as the effective date of the standard.

This standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance.

The municipality and group are unable to reliably estimate the impact of the amendment on the consolidated annual financial statements as it will only be applicable if such a transfer of functions occurs.

GRAP 107: Mergers

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

This standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance.

The municipality and group are unable to reliably estimate the impact of the amendment on the consolidated annual financial statements as it will only become applicable if such a merger occurs.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's consolidated annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:
- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual consolidated annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

This standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance.

The adoption of this standard is not expected to impact on the results of the municipality or group but may result in more disclosure than is currently provided in the consolidated annual financial statements.

IGRAP 11: Consolidation – Special purpose entities

An entity may be created to accomplish a narrow and well-defined objective (e.g. to effect a lease, research and development activities or a securitisation of financial assets). Such a special purpose entity ('SPE') may take the form of a corporation, trust, partnership or unincorporated entity. SPEs often are created with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their management over the operations of the SPE. Frequently, these provisions specify that the policy guiding the ongoing activities of the SPE cannot be modified, other than perhaps by its creator or sponsor (ie they operate on so-called 'autopilot'). The sponsor (or entity on whose behalf the SPE was created) frequently transfers assets to the SPE, obtains the right to use assets held by the SPE or performs services for the SPE, while other parties ('capital providers') may provide the funding to the SPE. An entity that engages in transactions with an SPE (frequently the creator or sponsor) may in substance control the SPE. A beneficial interest in an SPE may, for example, take the form of a debt instrument, an equity instrument, a participation right, a residual interest or a lease. Some beneficial interests may simply provide the holder with a fixed or stated rate of return, while others give the holder rights or access to other future economic benefits or service potential of the SPE's activities. In most cases, the creator or sponsor (or the entity on whose behalf the SPE was created) retains a significant beneficial interest in the SPE's activities, even though it may own little or none of the SPE's net assets.

The Standard of GRAP on Consolidated and Separate Financial Statements requires the consolidation of entities that are controlled by the reporting entity. However, the Standard of GRAP does not provide explicit guidance on the consolidation of SPEs. The issue is under what circumstances an entity should consolidate an SPE. This interpretation of the Standards of GRAP does not apply to post-employment benefit plans or other long-term employee benefit plans to which the Standard of GRAP on Employee Benefits applies.

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

A transfer of assets from an entity to an SPE may qualify as a sale by that entity. Even if the transfer does qualify as a sale, the provisions of the Standard of GRAP on Consolidated and Separate Financial Statements and this Interpretation of the Standards of GRAP may mean that the entity should consolidate the SPE. This Interpretation of the Standards of GRAP does not address the circumstances in which sale treatment should apply for the entity or the elimination of the consequences of such a sale upon consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP 105, 106 and 107. This statement will only impact on the consolidated financial statements if applicable.

The group expects to adopt the interpretation for the first time in the 2015 consolidated annual financial statements.

The municipality and group are unable to reliably estimate the impact of the interpretation on the consolidated annual financial statements.

IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures

Paragraph .54 in the Standard of GRAP on Interests in Joint Ventures refers to both contributions and sales between a venturer and a joint venture as follows: 'When a venturer contributes or sells assets to a joint venture, recognition of any portion of a gain or loss from the transaction shall reflect the substance of the transaction'. In addition, paragraph 31 in the Standard of GRAP on Interests in Joint Ventures says that 'a jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest'. There is no explicit guidance on the recognition of gains and losses resulting from contributions of non-monetary assets to jointly controlled entities ('JCEs').

Contributions to a JCE are transfers of assets by venturers in exchange for an interest in the net asset in the JCE. Such contributions may take various forms. Contributions may be made simultaneously by the venturers either upon establishing the JCE or subsequently. The consideration received by the venturer(s) in exchange for assets contributed to the JCE may also include cash or other consideration that does not depend on future cash flows of the JCE ('additional consideration').

The issues are:
- when the appropriate portion of gains or losses resulting from a contribution of a non-monetary asset to a JCE in exchange for an interest in the net assets in the JCE should be recognised by the venturer in surplus or deficit;
- how additional consideration should be accounted for by the venturer; and
- how any unrealised gain or loss should be presented in the consolidated

This Interpretation of the Standards of GRAP deals with the venturer's accounting for non-monetary contributions to a JCE in exchange for an interest in the net assets in the JCE that is accounted for using either the equity method or proportionate consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP 105, 106 and 107.

The group expects to adopt the interpretation for the first time in the 2015 consolidated annual financial statements.

The municipality and group are unable to reliably estimate the impact of the interpretation on the consolidated annual financial statements.

GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements

The definition of 'minority interest' has been amended to 'non-controlling interest', and paragraph .60 was added by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

Paragraph .59 was amended by Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107] from the date at which it first applied the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .03, .39, .47 to .50 and added paragraphs .51 to .58 and .61 to .62. An entity shall apply these amendments when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

An entity shall apply this amendment for consolidated annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. This statement will only impact on the consolidated financial statements if applicable.

The group expects to adopt the amendment for the first time in the 2015 consolidated annual financial statements.

The municipality and group are unable to reliably estimate the impact of the amendment on the consolidated annual financial statements.

GRAP 7 (as revised 2010): Investments in Associates

Paragraphs .03 and .42 were amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .22, .28 and .38 and added paragraph .24. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for consolidated annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. This statement will only impact on the consolidated financial statements if applicable.

The group expects to adopt the amendment for the first time in the 2015 consolidated annual financial statements.

The municipality and group are unable to reliably estimate the impact of the amendment on the consolidated annual financial statements.

GRAP 8 (as revised 2010): Interests in Joint Ventures

Paragraph .04 was amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers added paragraph .50 and amended paragraphs .51 and .52. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The group expects to adopt the amendment for the first time in the 2015 consolidated annual financial statements.

The municipality and group are unable to reliably estimate the impact of the amendment on the consolidated annual financial statements.

GRAP 1 (as revised 2012): Presentation of Financial Statements

Paragraphs .108 and .109 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to the Statement of Financial Performance as well as the Statement of Changes in Net Assets.

All amendments to be applied retrospectively.

The effective date of the amendment's is for years beginning on or after 01 April 2013

The group expects to adopt the amendment for the first time in the 2014 consolidated annual financial statements.

The adoption of this amendment is not expected to impact on the results of the municipality or group but may result in more disclosure than is currently provided in the consolidated annual financial statements.

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors

Paragraphs .17 and .18 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Changes in Accounting Policies.

The effective date of the amendment is for years beginning on or after 01 April 2013

The group expects to adopt the amendment for the first time in the 2014 consolidated annual financial statements.

The adoption of this amendment is not expected to impact on the results of the municipality or group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 7 (as revised 2012): Investments in Associates

Paragraph .17 was amended by the improvements to the Standards of GRAP issued previously.

Amendments were made to Definitions.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The group expects to adopt the amendment for the first time in the 2014 consolidated annual financial statements.

The municipality and group are unable to reliably estimate the impact of the amendment on the consolidated annual financial statements.

GRAP 9 (as revised 2012): Revenue from Exchange Transactions

Paragraphs .11 and .13 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to the Scope and Definitions.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The group expects to adopt the amendment for the first time in the 2014 consolidated annual financial statements.

The adoption of this amendment is not expected to impact on the results of the municipality or group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 12 (as revised 2012): Inventories

Paragraph .30 was amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Measurement after recognition.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The group expects to adopt the amendment for the first time in the 2014 consolidated annual financial statements.

The adoption of this amendment is not expected to impact on the results of the municipality or group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 13 (as revised 2012): Leases

Paragraphs .38 and .42 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Disclosures.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The group expects to adopt the amendment for the first time in the 2014 consolidated annual financial statements.

The adoption of this amendment is not expected to impact on the results of the municipality or group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 16 (as revised 2012): Investment Property

Paragraphs .12, .15, .34, .76, .84 and .87 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Definitions, Measurement at recognition, Disposals and Disclosure.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The group expects to adopt the amendment for the first time in the 2014 consolidated annual financial statements.

The adoption of this amendment is not expected to impact on the results of the municipality or group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 17 (as revised 2012): Property, Plant and Equipment

Paragraphs .44, .45, .72, .75, .79 and .85 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to measurement after recognition, derecognition and disclosure.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The group expects to adopt the amendment for the first time in the 2014 consolidated annual financial statements.

The adoption of this amendment is not expected to impact on the results of the municipality or group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)

Paragraphs .07, .08, .19, .22, .23, .37, .38, .40, .45 and .46 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Definitions, Recognition and measurement and Disclosure.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The group expects to adopt the amendment for the first time in the 2014 consolidated annual financial statements.

The adoption of this amendment is not expected to impact on the results of the municipality or group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)

Numerous paragraphs were amended by the improvements to the Standards of GRAP issued previously:

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

Changes made comprise 3 areas that can be summarised as follows:
- Consequential amendments arising from the alignment of the accounting treatment and text of GRAP 102 with that in IPSAS 31,
- The deletion of guidance and examples from Interpretations issues by the International Accounting Standards Board (IASB) previously included in GRAP 102,
- Changes to ensure consistency between the Standards, or to clarify existing principles.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The group expects to adopt the amendment for the first time in the 2014 consolidated annual financial statements.

The adoption of this amendment is not expected to impact on the results of the municipality or group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

IGRAP16: Intangible assets website costs

An entity may incur internal expenditure on the development and operation of its own website for internal or external access. A website designed for external access may be used for various purposes such as to disseminate information, for example annul reports and budgets, create awareness of services, request comment on draft legislation, promote and advertise an entity's own services and products, for example the E-filing facility of SARS that enables taxpayers to complete their annual tax assessments, provide electronic services and list approved supplier details. A website designed for internal access may be used to store an entity's information, for example policies and operating procedures, and details of users of a service, and other relevant information.

The stages of a website's development can be described as follows:
- Planning – includes undertaking feasibility studies, defining objectives and specifications, evaluating alternatives and selecting preferences.
- Application and infrastructure development – includes obtaining a domain name, purchasing and developing hardware and operating software, installing developed applications and stress testing.
- Graphical design development – includes designing the appearance of web pages.
- Content development – includes creating, purchasing, preparing and uploading information, either text or graphic, on the website before the completion of the website's development. This information may either be stored in separate databases that are integrated into (or accessed from) the website or coded directly into the web pages.

Once development of a website has been completed, the operating stage begins. During this stage, an entity maintains and enhances the applications, infrastructure, graphical design and content of the website.

When accounting for internal expenditure on the development and operation of an entity's own website for internal or external access, the issues are:
- whether the website is an internally generated intangible asset that is subject to the requirements of the Standard of GRAP on Intangible Assets; and
- the appropriate accounting treatment of such expenditure.

This Interpretation of Standards of GRAP does not apply to expenditure on purchasing, developing, and operating hardware (eg web servers, staging servers, production servers and internet connections) of a website. Such expenditure is accounted for under the Standard of GRAP on Property, Plant and Equipment. Additionally, when an entity incurs expenditure on an internet service provider hosting the entity's website, the expenditure is recognised as an expense under the paragraph .93 in the Standard of GRAP on Presentation of Financial Statements and the Framework for the Preparation and Presentation of Financial Statements when the services are received.

The Standard of GRAP on Intangible Assets does not apply to intangible assets held by an entity for sale in the ordinary course of operations (see the Standards of GRAP on Construction Contracts and Inventories) or leases that fall within the scope of the Standard of GRAP on Leases. Accordingly, this Interpretation of Standards of GRAP does not apply to expenditure on the development or operation of a website (or website software) for sale to another entity. When a website is leased under an operating lease, the lessor applies this Interpretation of Standards of GRAP. When a website is leased under a finance lease, the lessee applies this Interpretation of Standards of GRAP after initial recognition of the leased asset.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The group expects to adopt the amendment for the first time in the 2014 consolidated annual financial statements.

The adoption of this amendment is not expected to impact on the results of the municipality or group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 106: Transfers of functions between entities not under common control

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

This standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. During the 2011/12 financial year the municipality used GRAP 106 to formulate and accounting policy when the incorporation of the Local Municipalities of Kungwini and Nokeng-tsa-Taemane and the Metsweding District Municipality took place.

City of Tshwane Metropolitan Municipality
Consolidated Annual Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R

3. Housing development fund

Unappropriated surplus	225,449,115	197,857,941	225,449,115	197,857,941
Less: Loans extinguished by Government on 1 April 1998	69,006,463	69,006,463	69,006,463	69,006,463
Housing development fund	156,442,652	128,851,478	156,442,652	128,851,478

The housing development fund is represented by the following assets and liabilities

Housing selling scheme loans	19,649,214	20,289,707	19,649,214	20,289,707
Housing debtors	35,360,163	31,597,589	35,360,163	31,597,589
Bank and cash	101,433,275	76,964,182	101,433,275	76,964,182
Housing development fund assets	**156,442,652**	**128,851,478**	**156,442,652**	**128,851,478**

4. Long-term liabilities

Summary of Long Term Borrowings:

Term Loans	134,430,482	134,971,505	131,311,171	131,536,811
Local registered stock	100,006,000	98,052,671	100,005,000	98,051,671
Municipal Bonds	2,176,860,970	-	2,176,860,970	-
Annuity loans	5,890,739,012	6,201,863,690	5,890,739,012	6,201,863,690
	8,302,036,464	**6,434,887,866**	**8,298,916,153**	**6,431,452,172**

Held at amortised cost
Term Loans

Development Bank of South Africa (1-02) Secured 20 year bullet loan, Jibar floating rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date 31 October 2019. A sinking fund investment has been made for the purpose of providing for the capital repayment at the date of redemption.	79,625,804	79,718,642	79,625,804	79,718,642
Development Bank of South Africa (1-400) Secured 20 year bullet loan, fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date 30 September 2018. A sinking fund investment has been made for the purpose of providing for the capital repayment at the date of redemption.	51,685,367	51,818,169	51,685,367	51,818,169
National Housing Finance Corporation (Housing Company Tshwane) This loan is secured, bears interest at 14% per annum and is repayable in 129 monthly installments of R69 792. The loan is secured by a mortgage bond over the investment property.	3,119,311	3,434,694	-	-

City of Tshwane Metropolitan Municipality
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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R
4. Long-term liabilities (continued)				
Municipal Bonds				
Standard Bank (1-1900) Unsecured 15 year bond. Fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date 2 April 2028. A sinking fund investment has been made for the purpose of providing for the capital repayment at the date of redemption.	573,771,397	-	573,771,397	-
Standard Bank (1-1901) Unsecured 10 year bond. Fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date 2 April 2022. A sinking fund investment has been made for the purpose of providing for the capital repayment at the date of redemption.	848,229,984	-	848,229,984	-
Standard Bank (1-1950) Unsecured 15 year bond. Fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date 5 June 2028. A sinking fund investment has been made for the purpose of providing for the capital repayment at the date of redemption.	754,859,589	-	754,859,589	-
Local registered stock				
First Rand Bank Ltd 2 Secured bond paying fixed interest semi-annually. A security sinking fund investment was made which together with interest capitalised, will be utilised to redeem on 30 June 2014.	100,000,000	98,045,858	100,000,000	98,045,858
Development Bank of South Africa (1-1250) Unsecured bond paying fixed interest semi-annually.	5,000	5,813	5,000	5,813
TEDA Municipal Entity Shares Share capital in municipal entity (loan bears no interest and has no fixed terms of repayment)	1,000	1,000	-	-
Annuity loans				
Standard Bank (1-1300) Unsecured variable interest rate 15 year loan repayable semi-annually installments of interest and capital with interest payable on reducing balance until capital is paid off on 29 June 2026.	924,186,559	963,546,944	924,186,559	963,546,944
Development Bank of South Africa (1-1250) Unsecured variable interest rate 15 year loan repayable semi-annually installments of interest and capital with interest payable on reducing balance until capital is paid off on 1 December 2025. Part of the restructuring of loans during 2012/13.	-	355,204,913	-	355,204,913

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R
4. Long-term liabilities (continued)				
Development Bank of South Africa (1-951) Unsecured fixed interest 20 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2029. Part of the restructuring of loans during 2012/13.	-	669,603,702	-	669,603,702
Development Bank of South Africa (1-950) Unsecured fixed interest 20 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2029.	140,445,310	144,950,286	140,445,310	144,950,286
Development Bank of South Africa (1-851) Unsecured fixed interest 13 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 31 March 2021.	95,171,972	101,113,389	95,171,972	101,113,389
Development Bank of South Africa (1-800) Unsecured fixed interest 20 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.	196,699,843	200,957,380	196,699,843	200,957,380
Development Bank of South Africa (1-700) Unsecured fixed interest 20 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.	89,317,676	92,657,256	89,317,676	92,657,256
Development Bank of South Africa (1-701) Unsecured fixed interest 20 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.	198,216,923	202,191,994	198,216,923	202,191,994
Development Bank of South Africa (1-501) Unsecured fixed interest 15 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 31 December 2021.	303,167,217	325,146,835	303,167,217	325,146,835
Development Bank of South Africa (1-500) Unsecured fixed interest 15 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 31 December 2021.	66,857,177	73,031,583	66,857,177	73,031,583

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R
4. Long-term liabilities (continued)				
Development Bank of South Africa (1-200) Unsecured fixed interest 15 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 31 December 2020.	200,094,133	216,299,390	200,094,133	216,299,390
INCA (1-100) Unsecured fixed interest 15 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 31 March 2020.	144,728,456	158,674,099	144,728,456	158,674,099
Development Bank of South Africa (1-52) Secured fixed interest 20 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 September 2018.	164,217,075	183,239,644	164,217,075	183,239,644
Development Bank of South Africa (1-51) Unsecured fixed interest 10 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 31 December 2012. Fully redeemed during 2012/13.	-	4,299,892	-	4,299,892
Development Bank of South Africa (1-50) Unsecured fixed interest 15 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 31 December 2018.	174,689,107	194,376,969	174,689,107	194,376,969
iVuzi Investments (1-550) Unsecured fixed interest 15 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 12 December 2021.	142,959,167	153,922,487	142,959,167	153,922,487
iVuzi Investments (1-450) Unsecured fixed interest 15 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2021.	57,378,467	61,719,094	57,378,467	61,719,094
iVuzi Investments (1-300) Unsecured fixed interest 15 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 31 December 2020.	68,925,367	74,627,296	68,925,367	74,627,296
iVuzi Investments (1-150) Unsecured fixed interest 15 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2020.	33,004,871	36,007,660	33,004,871	36,007,660

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R
4. Long-term liabilities (continued)				
iVuzi Investments (1-0) Unsecured fixed interest 15 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2019.	11,949,160	13,294,498	11,949,160	13,294,498
Nedbank (1-1150) Unsecured variable interest rate 10 year loan repayable semi-annually in installments of interest and capital with interest payable on reducing balance until capital is paid off on 16 June 2020.	282,046,868	312,167,474	282,046,868	312,167,474
Nedbank (1-1100) Unsecured variable interest rate 10 year loan repayable semi-annually in installments of interest and capital with interest payable on reducing balance until capital is paid off on 18 May 2020..	283,391,299	313,853,431	283,391,299	313,853,431
Nedbank (1-852) Unsecured fixed interest 13 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 31 March 2021.	126,961,590	134,590,448	126,961,590	134,590,448
ABSA Bank Ltd (1-850) Unsecured fixed interest 13 year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 31 March 2021.	184,671,403	196,024,229	184,671,403	196,024,229
Development Bank of South Africa (1-1351) Unsecured fixed interest rate loan repayable in monthly equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 31 March 2013. Loan taken over from Nokeng Municipality on 1 July 2011. Fully redeemed during 2012/13.	-	345,345	-	345,345
Development Bank of South Africa (1-1352) Unsecured fixed interest rate loan repayable in monthly equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 31 August 2016. Loan taken over from Nokeng Municipality on 1 July 2011.	688,394	878,718	688,394	878,718
Development Bank of South Africa (1-1400) Unsecured fixed interest rate loan repayable in monthly equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2016. Loan taken over from Kungwini Municipality on 1 July 2011.	14,668,980	17,933,306	14,668,980	17,933,306

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R
4. Long-term liabilities (continued)				
Standard Bank - Magalies Water (1-1401) Unsecured fixed interest rate loan repayable in monthly equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 September 2014. Loan taken over from Kungwini Municipality on 1 July 2011.	692,701	975,303	692,701	975,303
Development Bank of South Africa (1-1600) Unsecured (Jibar) variable interest 15 year loan repayable in semi-annual equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2027. Part of the restructuring of loans during 2012/13.	-	500,000,000	-	500,000,000
Standard Bank (1-1601) Unsecured (Jibar) variable interest 10 year loan repayable in semi-annual equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2022. Part of the restructuring of loans during 2012/13..	-	500,230,125	-	500,230,125
iVuzi (FirstRand Bank) (1-1850) Unsecured (Jibar) variable interest rate 9 year loan repayable in semi-annual equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2022.	473,878,226	-	473,878,226	-
Nedbank (1-1800) Unsecured (Jibar) variable interest rate 16 year loan repayable in semi-annual equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 29 June 2029.	657,889,489	-	657,889,489	-
iVuzi (FirstRand Bank) (1-1851) Unsecured (Jibar) variable interest rate 14 year loan repayable in semi-annual equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 1 December 2027.	482,967,728	-	482,967,728	-
Nedbank (1-1801) Unsecured (Jibar) variable interest rate 12 year loan repayable in semi-annual equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 1 December 2025.	370,873,854	-	370,873,854	-
	8,302,036,464	**6,434,887,866**	**8,298,916,153**	**6,431,452,172**
Non-current liabilities				
At amortised cost	7,766,929,898	6,088,869,590	7,764,124,985	6,085,749,294
Current liabilities				
At amortised cost	535,106,566	346,018,276	534,791,168	345,702,878
	8,302,036,464	**6,434,887,866**	**8,298,916,153**	**6,431,452,172**

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

5. Lease liabilities

Minimum lease payments due				
- within one year	138,518,946	149,442,980	138,518,946	149,442,980
- in second to fifth year inclusive	51,618,818	186,766,218	51,618,818	186,766,218
	190,137,764	336,209,198	190,137,764	336,209,198
less: future finance charges	(11,636,846)	(33,171,972)	(11,636,846)	(33,171,972)
Present value of minimum lease payments	**178,500,918**	**303,037,226**	**178,500,918**	**303,037,226**
Present value of minimum lease payments due				
- within one year	127,908,505	127,462,094	127,908,505	127,462,094
- in second to fifth year inclusive	50,592,413	175,575,133	50,592,413	175,575,133
	178,500,918	**303,037,227**	**178,500,918**	**303,037,227**
Non-current liabilities	50,592,413	175,575,133	50,592,413	175,575,133
Current liabilities	127,908,505	127,462,094	127,908,505	127,462,094
	178,500,918	**303,037,227**	**178,500,918**	**303,037,227**
Collateral held in terms of the above leases (Net book amount of leased assets)	178,500,918	303,526,842	178,500,918	303,526,842
Carrying value of leased assets	171,655,845	392,780,477	171,655,845	392,780,477

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

6. Provisions

Reconciliation of provisions - Group - 2013

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Clearing of alien vegetation	25,361,752	2,945,059	(3,453,704)	1,582,985	26,436,092
Rehabilitation of landfill sites	184,605,898	20,734,250	-	4,985,218	210,325,366
Performance bonus: Sandspruit	1,610,788	-	(1,610,788)	-	-
Rehabilitation of quarries	5,902,508	714,542	(1,411,909)	634,932	5,840,073
	217,480,946	**24,393,851**	**(6,476,401)**	**7,203,135**	**242,601,531**

Reconciliation of provisions - Group - 2012

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Clearing of alien vegetation	25,519,617	2,575,068	(3,176,895)	443,962	25,361,752
Rehabilitation of landfill sites	163,319,115	32,788,828	(16,129,690)	4,627,645	184,605,898
Performance bonus: Sandspruit	1,269,998	340,790	-	-	1,610,788
Rehabilitation of quarries	6,568,865	640,507	(1,196,026)	(110,838)	5,902,508
	196,677,595	**36,345,193**	**(20,502,611)**	**4,960,769**	**217,480,946**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

6. Provisions (continued)

Reconciliation of provisions - Municipality - 2013

	Opening Balance	Additions	Utilised during the year	Reversed/ adjusted during the year	Total
Clearing of alien vegetation	25,361,752	2,945,059	(3,453,704)	1,582,985	26,436,092
Rehabilitation of landfill sites	184,605,898	20,734,250	-	4,985,218	210,325,366
Rehabilitation of quarries	5,902,508	714,542	(1,411,909)	634,932	5,840,073
	215,870,158	**24,393,851**	**(4,865,613)**	**7,203,135**	**242,601,531**

Reconciliation of provisions - Municipality - 2012

	Opening Balance	Additions	Utilised during the year	Reversed/ adjusted during the year	Total
Clearing of alien vegetation	25,519,617	2,575,068	(3,176,895)	443,962	25,361,752
Rehabilitation of landfill sites	163,319,115	32,788,828	(16,129,690)	4,627,645	184,605,898
Rehabilitation of quarries	6,568,865	640,507	(1,196,026)	(110,838)	5,902,508
	195,407,597	**36,004,403**	**(20,502,611)**	**4,960,769**	**215,870,158**

	Group 2013	Group 2012 Restated	Municipality 2013	Municipality 2012 Restated
Total provisions				
Non-current liabilities	242,601,531	215,870,158	242,601,531	215,870,158
Current liabilities	-	1,610,788	-	-
	242,601,531	**217,480,946**	**242,601,531**	**215,870,158**

Environmental rehabilitation provision - landfill sites

The Municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation and is carried at amortised cost.

Clearing of alien vegetation

In terms of the Conservation of Agricultural Resources Act, 1983 (Act 43 of 1983) the provision for the clearing of alien vegetation was established to address the backlogs that exist.

Rehabilitation of quarries

In terms of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002), section 52(2)(d), the municipality is required to rehabilitate its quarries and borrow pits after these quarries and borrow pits have been closed. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation and is carried at amortised cost.

Performance bonus: Sandspruit

During 2011/12 Sandspruit Works Association provided for performance bonuses. These bonuses did not exist at the end of 2012/13.

7. Financial instruments disclosure

Categories of financial instruments

Group - 2013

Financial assets

	At fair value	At amortised cost	Total
Investments	-	640,989,699	640,989,699
Other debtors	-	956,628,824	956,628,824
Consumer debtors	-	6,866,309,700	6,866,309,700
Cash and cash equivalents	-	740,967,794	740,967,794
Long-term receivables: Housing loans	-	19,649,214	19,649,214
Long-term receivables: Sport club loans	-	1,234,208	1,234,208
Long-term receivables: Sale of land	-	69,124,308	69,124,308
Long-term receivables: Arrangement debtors	-	223,182,701	223,182,701
Interest rate swap asset	81,554,131	-	81,554,131
	81,554,131	**9,518,086,448**	**9,599,640,579**

Financial liabilities

	At amortised cost	Total
Retention creditors	311,222,668	311,222,668
Trade and other payables from exchange transactions	4,722,820,750	4,722,820,750
Deferred operating lease liability	5,490,003	5,490,003
Consumer deposits	421,669,621	421,669,621
VAT payable	89,015,259	89,015,259
Unspent grants and receipts	126,494,481	126,494,481
Long-term loans (term loans, bonds, etc)	8,302,036,464	8,302,036,464
Lease liabilities	178,497,918	178,497,918
	14,157,247,164	**14,157,247,164**

Group - 2012

Financial assets

	At amortised cost	Total
Investments	411,474,116	411,474,116
Other debtors	944,716,877	944,716,877
Consumer debtors	5,679,638,056	5,679,638,056
Cash and cash equivalents	643,926,921	643,926,921
Long-term receivables: Housing loans	20,289,707	20,289,707
Long-term receivables: Sport club loans	1,569,306	1,569,306
Long-term receivables: Motor car loans	11,710	11,710
Long-term receivables: Sale of land	83,480,809	83,480,809
Arrangement debtors	201,991,222	201,991,222
	7,987,098,724	**7,987,098,724**

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

Financial liabilities

	At amortised cost	Total
Retention creditors	238,990,712	238,990,712
Trade and other payables from exchange transactions	4,293,167,737	4,293,167,737
Deferred operating lease liability	7,847,217	7,847,217
Consumer deposits	406,953,225	406,953,225
VAT payables	278,874,992	278,874,992
Unspent grants and receipts	319,663,700	319,663,700
Long-term loans (term loans, bonds, etc)	6,434,887,866	6,434,887,866
Lease liabilities	303,037,227	303,037,227
	12,283,422,676	**12,283,422,676**

Municipality - 2013

Financial assets

	At fair value	At amortised cost	Total
Investments	-	640,989,699	640,989,699
Other debtors	-	916,255,533	916,255,533
Consumer debtors	-	6,483,717,644	6,483,717,644
Cash and cash equivalents	-	686,118,280	686,118,280
Long-term receivables: Housing loans	-	19,649,214	19,649,214
Long-term receivables: Sport club loans	-	1,234,208	1,234,208
Long-term receivables: Sale of land	-	69,124,308	69,124,308
Long-term receivables: Arrangement debtors	-	223,182,071	223,182,071
Interest rate swap asset	81,554,131	-	81,554,131
	81,554,131	**9,040,270,957**	**9,121,825,088**

Financial liabilities

	At amortised cost	Total
Retention creditors	311,222,668	311,222,668
Trade and other payables from exchange transactions	4,662,282,154	4,662,282,154
Deferred operating lease liability	5,299,936	5,299,936
Consumer deposits	418,175,945	418,175,945
VAT payable	91,975,271	91,975,271
Unspent grants and receipts	125,330,239	125,330,239
Long-term loans (term loans, bonds, etc)	8,298,916,153	8,298,916,153
Lease liabilities	178,500,918	178,500,918
	14,091,703,284	**14,091,703,284**

Municipality - 2012

Financial assets

	At amortised cost	Total
Investments	411,474,116	411,474,116
Other debtors	907,983,042	907,983,042
Consumer debtors	5,336,498,441	5,336,498,441
Cash and cash equivalents	604,102,525	604,102,525
Long-term receivables: Housing loans	20,289,707	20,289,707
Long-term receivables: Sport club loans	1,569,306	1,569,306
Long-term receivables: Motor car loans	11,710	11,710
Long-term receivables: Sale of land	83,480,809	83,480,809
Long-term receivables: Arrangement debtors	201,991,222	201,991,222
	7,567,400,878	**7,567,400,878**

Financial liabilities

	At amortised cost	Total
Retention creditors	238,990,712	238,990,712
Trade and other payables from exchange transactions	4,238,447,284	4,238,447,284
Deferred operating lease liability	7,438,790	7,438,790
Consumer deposits	403,868,672	403,868,672
VAT payable	281,844,747	281,844,747
Unspent grants and receipts	317,810,684	317,810,684
Long-term loans (term loans, bonds, etc)	6,431,452,172	6,431,452,172
Lease liabilities	303,037,227	303,037,227
	12,222,890,288	**12,222,890,288**

8. Financial instruments: Risks involved

Risks

In the course of the group's business operations it is exposed to interest rate, credit, liquidity and market risk. The group has developed a comprehensive risk management process to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

Interest rate risk

The group manages its interest rate risk by maintaining an appropriate mix between fixed and floating interest rate borrowings and investments, as well as by entering into interest rate swap contracts on outstanding borrowings. The group's exposure to interest rate risk and the effective interest rates on financial instruments at statement of financial position date are as follows:

8. Financial instruments: Risks involved (continued)

Year ended 30 June 2013

Description	Floating rate	Fixed rate: Amount	Fixed rate: Weighted average effective interest rate	Fixed rate: Weighted average period for which rate is fixed	Non-interest bearing: Amount	Non-interest bearing: Weighted average period until maturity	Total
	R	R	%	Years	R	Years	R
Assets							
Investments	490,672,748	150,316,951	7.02	15.90			640,989,699
Long-term receivables:							
Housing loans		19,649,214	13.87	30.00			19,649,214
Sport club loans		1,234,208	11.99	10.00			1,234,208
Sale of Land		69,124,308	11.09	5.00			69,124,308
Arrangement debtors		3,828,971	-		219,353,100		223,182,071
Trade receivables:							
Consumer		3,953,896,012	9.00	1.00	2,912,413,688		6,866,309,700
Other					956,628,824		956,628,824
Cash		740,967,794					740,967,794
Total financial assets	**490,672,748**	**4,939,017,458**			**4,088,395,612**		**9,518,085,818**
Liabilities							
Interest bearing borrowings	3,525,671,077	4,623,711,381	10.93	13.92			8,149,382,458
Interest rate swaps		152,654,006	9.32	9.75			152,654,006
Lease liabilities		178,500,918					178,500,918
Trade payables:							
Creditors					4,722,820,750	0.08	4,722,820,750
Retention					311,222,668	1.00	311,222,668
Consumer deposits					421,669,621	0.08	421,669,621
Unspent grants and receipts					126,494,481	0.08	126,494,481
VAT					89,015,259	0.08	89,015,259
Total financial assets	**3,525,671,077**	**4,954,866,305**			**5,671,222,779**		**14,151,760,161**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

8. Financial instruments: Risks involved (continued)

Year ended 30 June 2012

Description	Floating rate	Fixed rate: Amount	Fixed rate: Weighted average effective interest rate	Fixed rate: Weighted average period for which rate is fixed	Non-interest bearing: Amount	Non-interest bearing: Weighted average period until maturity	Total
	R	R	%	Years	R	Years	R
Assets							
Investments	176,300,510	235,173,606	12.91	15.90			411,474,116
Long-term receivables:							
Housing loans		20,289,707	13.87	30.00			20,289,707
Motor car loans		11,710	8.66	6.00			11,710
Loans to sport clubs		1,569,306	11.99	10.00			1,569,306
Sale of Land		83,480,809	11.09	5.00			83,480,809
Arrangement debtors		10,179,294			191,811,928		201,991,222
Trade receivables:							
Consumer		3,081,915,183	9.00	1.00	2,597,722,873		5,679,638,056
Other					944,716,877		944,716,877
Cash		643,926,921					643,926,921
Total financial assets	**176,300,510**	**4,076,546,536**			**3,734,251,678**		**7,987,098,724**
Liabilities							
Interest bearing borrowings	3,650,036,342	2,653,081,928		9.91			6,303,118,270
Interest rate swaps		131,769,596	9.92	13.92			131,769,596
Lease liabilities		303,037,227					303,037,227
Trade payables:							
Creditors					4,293,167,737	0.08	4,293,167,737
Retention					238,990,712	1.00	238,990,712
Consumer deposits					406,953,225	0.08	406,953,225
Unspent grants and receipts					319,663,700	0.08	319,663,700
VAT					278,874,992	0.08	278,874,992
Total financial assets	**3,650,036,342**	**3,087,888,751**			**5,537,650,366**		**12,275,575,459**

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

8. Financial instruments: Risks involved (continued)

Interest rate swaps

The group has entered into interest rate swap contracts that entitle it to receive interest at fixed rates on notional principal amounts and that oblige it to pay interest at variable rates on the same amounts. The interest rate swaps allow the group to raise long-term borrowings at variable rates rates and effectively swap them into fixed rates in terms of the structured finance contractual requirements.

The estimated fair value gain/(loss) indicated below was determined by comparing the interest rate swap contracted values (fixed rate) with the variable rate paid.

At the reporting date the group had entered into the following interest rate swaps relating to specific statement of financial position items:

	Date	Fixed rate	Fair value	Estimated fair value gain/(loss)
		%	R	R
30 June 2013		-	81,554,131	81,554,131

Currency risk

The group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations might arise. The group, however, manages this risk by entering into contracts where the risk is carried by the service provider.

Credit risk

Financial assets, which potentially subject the group to the risk of non-performance by counter-parties and thereby subject the group to concentrations of credit risk, consist mainly of trade receivables. Credit risk is controlled through the application of a credit control policy and monitoring procedures. Where necessary, the group obtains appropriate deposits and guarantees from debtors to mitigate risk. The group's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions.

The group limits its treasury counter-party exposure arising from money market by only dealing with well established financial institutions confirmed by the rating agency appointed by the Chief Financial Officer. The group only deals with financial institutions with a short term credit rating of A+ and long-term credit rating of AA- and higher at an International accredited credit-rating agency.The group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions.

Credit risk with respect to trade receivables is limited due to the large number of customers comprising the group's customer base and their dispersion across different industries and geographical areas. The group does not have any significant exposure to any individual customer or counter-party. Accordingly, the group does not consider there to be any significant concentration of credit risk, which had not been adequately provided for. Trade receivables are presented net of the allowance for impairment.

Maximum exposure to credit risk: There has been no significant change during the financial year, or since the end of the financial year, to the group's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

The major concentrations of credit risk that arise from the group's receivables in relation to customer classification are as follows:

8. Financial instruments: Risks involved (continued)

	30 June 2013	30 June 2012
Consumer debtors:		
Household	52	52
Industrial/Commercial	26	22
National and Provincial Government	2	2
Other consumer debtors	5	5
Long-term receivables	4	4
Sundry debtors	11	15
	100	**100**

Liquidity risk

The group manages liquidity risk through proper management of working capital, capital expenditure and actual versus forecasted cash flows. Adequate reserves, liquid resources and unutilised borrowing facilities are also maintained. In terms of its borrowing requirements, the group ensures that adequate funds are available to meet its expected and unexpected financial commitments. In terms of its long-term liquidity risk, a reasonable balance is maintained between the period over which assets generate funds and the period over which the respective assets are funded. Capital expenditure, budgeted and forecast cash flow calculations are funded as follows from the capital market:

	30 June 2014 R	30 June 2015 R	30 June 2016 R
External funding: capital expenditure	1,600,000,000	1,400,000,000	1,500,000,000

Market risk

The group is exposed to fluctuating market prices inherent in the purchasing of electricity, water and coal used in the delivery of electricity and water services. The group manages this risk by giving any price increases through to the consumers on an annual basis. An agreement has been entered into with both Eskom and Rand Water that tariff increases occur only once a year.

Interest rate risk management: The group's interest rate profile consists of fixed and floating rate loans and bank balances which exposes the group to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:

Financial assets/liabilities:

Trade and other receivables/payables: At a fixed rate of interest.

Management manages interest rate risk by negotiating beneficial rates on floating rate loans and where possible using fixed rate loans. Management also has a policy of balancing the interest on asset loans with the interest payable on liabilities

Fair values

The group's financial instruments consist mainly of cash and cash equivalents, trade receivables, investments, trade payables, long-term debt and derivative instruments (interest rate swaps).

No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets that are available-for-sale or held-for-trading. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets and financial liabilities

Trade receivables (debtors)

The carrying amount of trade receivables, net of provision for impairment (provision for bad debt) approximates fair value due to the relatively short-term maturity of these financial assets.

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

8. Financial instruments: Risks involved (continued)

Investments

Investments are carried at their original cost in the statement of financial position, except for those where the interest received semi annually are capitalised. The fair value of publicly traded instruments is based on quoted market prices for those investments.

Trade payables

The carrying amount of trade payables approximates fair value due to the relatively short-term maturity of this financial liability.

Interest bearing borrowings

Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in surplus or deficit over the period of the borrowings on an effective interest basis. The fair value of interest bearing borrowings with variable interest rates approximates their carrying amounts.

Derivatives (interest rate swaps)

Derivative financial instruments (interest rate swaps) are initially measured at fair value on the contract date and are remeasured to fair value at subsequent reporting dates.

The fair value of financial liabilities at statement of financial position date are as follows:

Year ended	Fair value R	Carrying amount R
30 June 2013		
Liabilities		
Interest rate swaps	81,554,131	81,554,131

Maturity profile

The maturity profiles of financial assets and liabilities at statement of financial position date are as follows:

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	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R

8. Financial instruments: Risks involved (continued)

Year ended 30 June 2013

	1 Year or less R	**1 to 5 years** R	**Over 5 years** R	**Total** R
Assets				
Investments	636,003,487	4,986,212		640,989,699
Long-term receivables:				
Housing loans			19,649,214	19,649,214
Loans to sport clubs			1,234,208	1,234,208
Sale of Land		69,124,308		69,124,308
Arrangement debtors	116,937,089	106,244,982		223,182,071
Trade receivables:				
Consumer	3,874,119,090	2,992,190,610		6,866,309,700
Other debtors	956,628,824			956,628,824
Cash	740,967,794			740,967,794
Total financial assets	**6,324,656,284**	**3,172,546,112**	**20,883,422**	**9,518,085,818**
Liabilities				
Interest bearing borrowings	100,005,000	501,336,897	5,149,647,102	5,750,988,999
Interest rate swaps			2,551,047,465	2,551,047,465
Lease liabilities	127,908,505	50,592,413		178,500,918
Trade payables:				
Creditors		4,722,820,750		4,722,820,750
Retention		311,222,668		311,222,668
Consumer deposits		421,669,621		421,669,621
Unspent grants and receipts		126,494,481		126,494,481
VAT		89,015,259		89,015,259
Total financial liabilities	**227,913,505**	**6,223,152,089**	**7,700,694,567**	**14,151,760,161**

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Consolidated Annual Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

8. Financial instruments: Risks involved (continued)

Year ended 30 June 2012

	1 Year or less R	1 to 5 years R	Over 5 years R	Total R
Assets				
Investments	323,851,508	86,912,088	710,520	411,474,116
Long-term receivables:				
Housing loans			20,289,707	20,289,707
Motor car loans	11,710			11,710
Loans to sport clubs			1,569,306	1,569,306
Sale of Land		83,480,809		83,480,809
Arrangement debtors	106,371,323	95,619,899		201,991,222
Trade receivables:				
Consumer	3,416,459,891	2,263,178,165		5,679,638,056
Other	944,716,877			944,716,877
Cash	643,926,921			643,926,921
Total financial assets	**5,435,338,230**	**2,529,190,961**	**22,569,533**	**7,987,098,724**
Liabilities				
Interest bearing borrowings	4,305,705	98,045,858	6,200,766,707	6,303,118,270
Interest rate swaps	131,769,596			131,769,596
Lease liabilities	127,462,094	175,575,133		303,037,227
Trade payables:				
Creditors		4,293,167,737		4,293,167,737
Retention		238,990,712		238,990,712
Consumer deposits		406,953,225		406,953,225
Unspent grants and receipts		319,663,700		319,663,700
VAT		278,874,992		278,874,992
Total financial liabilities	**263,537,395**	**5,811,271,357**	**6,200,766,707**	**12,275,575,459**

Hedging

Hedging is not applicable in the environment of the group.

9. Consumer deposits

Electricity and water	421,669,621	406,953,225	418,175,945	403,868,672
Guarantees held:				
Electricity and water consumers (who do not have deposits)	182,562,300	154,920,913	182,562,300	154,920,913
Township Development guarantees	193,989,539	193,848,803	193,989,539	193,848,803
	376,551,839	**348,769,716**	**376,551,839**	**348,769,716**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

10. Payables from exchange transactions

Trade payables	2,888,643,348	2,752,687,864	2,841,132,172	2,706,139,847
Payments received in advance	34,453,470	22,130,257	34,453,470	22,130,257
Accrued leave pay	602,903,904	547,762,746	597,715,117	542,593,356
Deposits received	28,819,979	23,119,295	28,400,700	22,681,807
Debtors with credit balances	613,524,174	542,142,628	613,524,174	542,142,628
Other creditors	515,311,659	399,653,836	509,102,324	397,088,278
Retention creditors	311,222,668	238,990,712	311,222,668	238,990,712
RTMC: AARTO	10,240,041	4,907,796	10,240,041	4,907,796
Awards received not spent (Bontle ke Botho)	605,311	763,315	605,311	763,315
Loan from shareholder	49,640	-	-	-
Board fees accrual	92,043	-	-	-
SARS (municipal entities)	1,041,957	-	-	-
Creditors with debit balances - reclassify	27,135,224	-	27,108,850	-
	5,034,043,418	**4,532,158,449**	**4,973,504,827**	**4,477,437,996**

Payables age analysis

Current (0 -30 days)				
Bulk electricity	792,266,280	743,735,532	792,266,280	743,735,532
Bulk water	69,825,396	100,667,495	69,825,396	100,667,495
PAYE deductions	64,637,295	52,232,434	64,637,295	52,232,434
VAT (output less input)	209,008,406	255,406,998	213,283,718	258,376,753
Pensions/retirement deductions	-	56,167,453	-	56,167,453
Loan repayments	293,401,876	421,138,417	293,401,876	421,138,417
Trade creditors	3,696,885,042	3,184,659,171	3,632,065,533	3,126,964,658
	5,126,024,295	**4,814,007,500**	**5,065,480,098**	**4,759,282,742**

This age-analysis will balance back to the total of note 9 plus VAT on the statement of financial position.

11. Unspent grants and receipts

Unspent grants and receipts comprises of:

DoRA: Department Water Affairs & Forestry (DWA)	4,833	290,366	4,833	290,366
DoRA: Electricity for All (INEP)	-	1,526,000	-	1,526,000
DoRA: Finance Management Grant (FMG)	470,166	-	470,166	-
Provincial: Housing Projects	70,686,712	93,758,781	70,686,712	93,758,781
DoRA: Urban Settlement Development Grant (USDG)	-	10,117,921	-	10,117,921
DoRA: Public Transport Infrastructure Systems Grant (PTIS)	15,534,170	137,609,647	15,534,170	137,609,647
Provincial: DPLG - Health	4,200,977	89,650	4,200,977	89,650
Neighbourhood Development Programme	2,187,710	34,017,099	2,187,710	34,017,099
Arts and Culture grant (Libraries)	2,752,593	4,429,968	2,752,593	4,429,968
Economic Development grant	8,750,000	8,750,000	8,750,000	8,750,000
Gautrans job creation	71,107	1,408,211	71,107	1,408,211
Expanded Public Works Programme (EPWP)	4,424,606	-	4,424,606	-
Sandspruit: grants	1,164,242	1,853,016	-	-
Blue IQ	11,999,119	24,998,876	11,999,119	24,998,876
Sport and Recreation	72,617	515,977	72,617	515,977
Performance Management	268,665	268,665	268,665	268,665
Electricity Demand Side (EDSM)	406,964	29,523	406,964	29,523
Revenue Enhancement	3,500,000	-	3,500,000	-
	126,494,481	**319,663,700**	**125,330,239**	**317,810,684**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

11. Unspent grants and receipts (continued)

Movement during the year

Balance at the beginning of the year	319,663,700	397,971,082	317,810,684	395,679,581
Receipts during the year	4,506,577,074	3,681,493,084	4,504,776,819	3,680,788,150
Transfers between grants	48,853,230	(2,074,060)	48,853,230	(2,074,060)
Prior year correction	-	1,138,726	-	1,138,726
Returned to National Treasury	(2,102,000)	(196,735,000)	(2,102,000)	(196,735,000)
Income recognition during the year	(4,746,497,523)	(3,562,130,132)	(4,744,008,494)	(3,560,986,713)
	126,494,481	**319,663,700**	**125,330,239**	**317,810,684**

The figures above shows:

- The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and
- Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. Note must be taken that the unspent portion mostly relates to amounts received in advance and which relate to allocations of the following financial year.

See note 27 for reconciliation of grants from National/Provincial Government. These amounts are invested in a ring-fenced investment until utilised.

12. VAT

VAT refundable	2,965,618	2,974,060	-	-
VAT payable	(91,980,877)	(281,849,052)	(91,975,271)	(281,844,747)
	(89,015,259)	**(278,874,992)**	**(91,975,271)**	**(281,844,747)**

VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the financial year.

Notes to the Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment

Group	2013			2012 Restated		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	1,593,185,519	(754,858,692)	838,326,827	1,629,710,906	(713,823,270)	915,887,636
Land	304,794,546	-	304,794,546	307,790,054	-	307,790,054
Biological assets (game)	13,050,850	-	13,050,850	12,706,506	-	12,706,506
Infrastructure: Capitalised	16,111,379,408	(4,339,291,565)	11,772,087,843	15,302,581,811	(3,862,710,432)	11,439,871,379
Infrastructure: Assets under construction	5,409,990,220	-	5,409,990,220	2,951,244,448	-	2,951,244,448
Community: Capitalised	2,303,612,478	(570,362,416)	1,733,250,062	2,156,901,305	(503,210,247)	1,653,691,058
Community: Asset under construction	419,713,316	-	419,713,316	61,748,390	-	61,748,390
Other: Capitalised	2,674,691,951	(1,235,171,915)	1,439,520,036	2,288,540,852	(895,620,634)	1,392,920,218
Other: Asset under construction	393,546,556	-	393,546,556	104,031,368	-	104,031,368
Housing stock	-	-	-	39,343,706	-	39,343,706
Housing: Capitalised	76,246,188	(2,084,139)	74,162,049	165,177,394	(1,684,828)	163,492,566
Housing: Asset under construction	250,174,234	-	250,174,234	62,415,416	-	62,415,416
Total	**29,550,385,266**	**(6,901,768,727)**	**22,648,616,539**	**25,082,192,156**	**(5,977,049,411)**	**19,105,142,745**

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

Municipality	2013			2012 Restated		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	1,585,802,275	(752,343,936)	833,458,339	1,621,876,336	(711,474,111)	910,402,225
Land	304,794,546	-	304,794,546	307,790,054	-	307,790,054
Biological assets (game)	13,050,850	-	13,050,850	12,706,506	-	12,706,506
Infrastructure: Capitalised	16,098,700,092	(4,330,279,279)	11,768,420,813	15,289,931,031	(3,854,944,651)	11,434,986,380
Infrastructure: Asset under construction	5,409,990,220	-	5,409,990,220	2,951,244,448	-	2,951,244,448
Community: Capitalised	2,303,612,478	(570,362,416)	1,733,250,062	2,156,901,305	(503,210,247)	1,653,691,058
Community: Asst under construction	419,713,316	-	419,713,316	61,748,390	-	61,748,390
Other property, plant and equipment	2,663,961,995	(1,227,405,865)	1,436,556,130	2,278,565,682	(886,847,705)	1,391,717,977
Other: Asset under construction	393,546,556	-	393,546,556	104,031,368	-	104,031,368
Housing stock	-	-	-	39,343,706	-	39,343,706
Housing: Capitalised	76,246,188	(2,084,139)	74,162,049	165,177,394	(1,684,828)	163,492,566
Housing: Asset under construction	250,174,234	-	250,174,234	62,415,416	-	62,415,416
Total	**29,519,592,750**	**(6,882,475,635)**	**22,637,117,115**	**25,051,731,636**	**(5,958,161,542)**	**19,093,570,094**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2013

	Opening balance	Additions	Retirements	Disposals	Transfers	Gains/losses arising from changes in fair value	Other changes, movements	Depreciation	Impairment loss	Total
Land	307,790,054	-	-	493	(2,996,001)	-	-	-	-	304,794,546
Buildings	915,887,636	11,512,629	-	(36,687,416)	8,584,538	-	36,188	(61,006,748)	-	838,326,827
Biological assets (game)	12,706,506	-	-	-	-	344,344	-	-	-	13,050,850
Infrastructure: Capitalised	11,439,871,379	247,488,110	-	(65,923,758)	475,617,825	-	202,310,203	(527,275,916)	-	11,772,087,843
Infrastructure: Asset under construction	2,951,244,448	2,956,979,780	-	-	(525,429,200)	-	27,195,192	-	-	5,409,990,220
Community: Capitalised	1,653,691,058	100,544,356	-	(2,238,532)	49,105,066	-	(36,193)	(67,815,693)	-	1,733,250,062
Community: Asst under construction	61,748,390	360,533,036	-	-	(2,568,110)	-	-	-	-	419,713,316
Other: Capitalised	1,392,920,218	225,316,397	-	(70,505,366)	40,344,005	31,295	138,923,757	(282,689,805)	(4,820,465)	1,439,520,036
Other: Asset under construction	104,031,368	327,146,749	-	-	(37,631,561)	-	-	-	-	393,546,556
Housing stock	39,343,706	-	-	-	-	-	(39,343,706)	-	-	-
Housing	163,492,566	2,600,000	(138,963,962)	(2,358,397)	10,447,446	-	39,343,707	(399,311)	-	74,162,049
Housing: Asset under construction	62,415,416	164,206,264	-	-	(10,447,446)	-	34,000,000	-	-	250,174,234
	19,105,142,745	**4,396,327,321**	**(138,963,962)**	**(177,712,976)**	**5,026,562**	**375,639**	**402,429,148**	**(939,187,473)**	**(4,820,465)**	**22,648,616,539**

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Figures in Rand

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2012

	Opening balance	Additions	Disposals	Transfers	Gains/losses arising from changes in fair value	Other changes, movements	Depreciation	Impairment loss	Total
Land	303,538,903	4,938,887	(579,066)	(81,380)	-	(27,290)	-	-	307,790,054
Buildings	722,655,773	23,550,734	-	246,152,499	-	21,988,741	(76,590,919)	(21,869,192)	915,887,636
Biological assets (game)	12,970,960	-	-	-	(264,454)	-	-	-	12,706,506
Infrastructure: Capitalised	9,640,903,201	1,670,155,723	(5,713,535)	712,517,673	-	24,768,712	(602,742,222)	(18,173)	11,439,871,379
Infrastructure: Asset under construction	1,879,652,221	1,788,083,337	-	(716,491,110)	-	-	-	-	2,951,244,448
Community: Capitalised	1,503,937,892	166,143,308	(14,103,009)	63,460,913	-	(1,110,431)	(64,637,615)	-	1,653,691,058
Community: Asst under construction	45,151,534	57,375,191	-	(40,778,335)	-	-	-	-	61,748,390
Other: Capitalised	1,513,780,157	301,943,273	(59,624,270)	(234,174,539)	-	14,752,507	(135,836,433)	(7,920,477)	1,392,920,218
Other: Asset under construction	56,196,157	93,817,595	-	(45,982,384)	-	-	-	-	104,031,368
Housing stock	3,769,730	41,072,831	(1,729,124)	-	-	(3,769,731)	-	-	39,343,706
Housing	125,423,720	38,468,158	-	-	-	(362,182)	(37,130)	-	163,492,566
Housing: Asset under construction	13,110,922	62,038,281	-	(12,733,787)	-	-	-	-	62,415,416
	15,821,091,170	**4,247,587,318**	**(81,749,004)**	**(28,110,450)**	**(264,454)**	**56,240,326**	**(879,844,319)**	**(29,807,842)**	**19,105,142,745**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Municipality - 2013

	Opening balance	Additions	Retirements	Disposals	Transfers	Gains/losses aringsing from changes in fair value	Other changes, movements	Depreciation	Impairment loss	Total
Land	307,790,054	-	-	493	(2,996,001)	-	-	-	-	304,794,546
Buildings	910,402,225	11,735,788	-	(36,687,416)	8,584,538	-	36,188	(60,612,984)	-	833,458,339
Biological assets (game)	12,706,506	-	-	-	-	344,344	-	-	-	13,050,850
Infrastructure	11,434,986,380	247,424,599	-	(65,923,758)	475,617,825	-	202,310,194	(525,994,427)	-	11,768,420,813
Infrastructure: Asset under construction	2,951,244,448	2,956,979,780	-	-	(525,429,200)	-	27,195,192	-	-	5,409,990,220
Community: Capitalised	1,653,691,058	100,544,356	-	(2,238,532)	49,105,066	-	(36,193)	(67,815,693)	-	1,733,250,062
Community: Asset under construction	61,748,390	360,533,036	-	-	(2,568,110)	-	-	-	-	419,713,316
Other: Capitalised	1,391,717,977	223,020,088	-	(70,505,365)	40,271,853	-	138,954,770	(282,084,422)	(4,818,771)	1,436,556,130
Other: Asset under construction	104,031,368	327,146,749	-	-	(37,631,561)	-	-	-	-	393,546,556
Housing stock	39,343,706	-	-	-	-	-	(39,343,706)	-	-	-
Housing: Capitalised	163,492,566	2,600,000	(138,963,962)	(2,358,397)	10,447,446	-	39,343,707	(399,311)	-	74,162,049
Housing: Asset under construction	62,415,416	164,206,264	-	-	(10,447,446)	-	34,000,000	-	-	250,174,234
	19,093,570,094	**4,394,190,660**	**(138,963,962)**	**(177,712,975)**	**4,954,410**	**344,344**	**402,460,152**	**(936,906,837)**	**(4,818,771)**	**22,637,117,115**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Municipality - 2012

	Opening balance	Additions	Disposals	Transfers	Gains/losses arising from changes in fair values	Other changes, movements	Depreciation	Impairment loss	Total
Land	303,538,903	4,938,887	(579,066)	(81,380)	-	(27,290)	-	-	307,790,054
Buildings	716,794,592	23,528,796	-	246,152,499	-	21,988,741	(76,193,211)	(21,869,192)	910,402,225
Biological assets (game)	12,970,960	-	-	-	(264,454)	-	-	-	12,706,506
Infrastructure: Capitalised	9,634,677,737	1,670,092,435	(5,713,535)	712,517,673	-	24,768,712	(601,338,469)	(18,173)	11,434,986,380
Infrastructure: Asset under construction	1,879,652,221	1,788,083,337	-	(716,491,110)	-	-	-	-	2,951,244,448
Community: Capitalised	1,503,937,892	166,143,308	(14,103,009)	63,460,913	-	(1,110,431)	(64,637,615)	-	1,653,691,058
Community: Asst under construction	45,151,534	57,375,191	-	(40,778,335)	-	-	-	-	61,748,390
Other: Capitalised	1,512,071,463	301,506,178	(59,624,268)	(234,174,539)	-	14,752,507	(134,892,887)	(7,920,477)	1,391,717,977
Other: Asset under construction	56,196,157	93,817,595	-	(45,982,384)	-	-	-	-	104,031,368
Stock	3,769,730	41,072,831	(1,729,124)	-	-	(3,769,731)	-	-	39,343,706
Housing: Capitalised	125,423,720	38,468,158	-	-	-	(362,182)	(37,130)	-	163,492,566
Housing: Asset under construction	13,110,922	62,038,281	-	(12,733,787)	-	-	-	-	62,415,416
	15,807,295,831	**4,247,064,997**	**(81,749,002)**	**(28,110,450)**	**(264,454)**	**56,240,326**	**(877,099,312)**	**(29,807,842)**	**19,093,570,094**

Pledged as security

No property, plant and equipment are pledged as security:

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality and the relevant municipal entities.

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

13. Property, plant and equipment (continued)

USEFUL LIVES:

According to GRAP 17: Property, plant and equipment, all useful lives of property, plant and equipment must be reviewed on an annual basis. The useful lives of assets were reviewed according to the requirements of GRAP 17. All remaining useful lives that were adjusted for the 2012/13 financial year are disclosed in the financial statements as a change in estimate in accordance with GRAP 3 (refer to note 56). All changes in estimates occurs prospectively and no prior year adjustments were made. All review of useful life adjustments occurred with effect from 1 July 2012.

The following were the reasons for the review of useful life adjustments:

Underground water and sanitation assets:

A scientific review of the remaining useful life of pipe assets was conducted (PRP) and the following trends in the remaining useful life had been observed:

* The weighted average expected useful life (EUL) of all water pipes increased by 84%;
* The weighted average expected useful life (EUL) of bulk sewer pipes increased by 92%; and
* The weighted average expected useful life (EUL) of sewer reticulation pipes increased by 69%.

The extrapolated remaining useful lives (RUL) of assets above 80 years (960 months) were capped at 960 months. These results are in line with the proposed expected useful life (EUL) for pipes for the next financial year and have been work shopped with experts in this field and officials of City of Tshwane. It was agreed to adopt these figures to adjust the RUL of pipe assets. These will be aligned to specific pipes in the next financial year as the asset register pipe data is unbundled.

All other infrastructure assets and buildings:

It was agreed that the data of infrastructure assets and buildings indicated in the asset register as having a RUL of zero or less than 2 years will be reviewed and (in the absence of other determinants) will be adjusted to the equivalent of fair condition (median of the condition deterioration band) - i.e. 36% of EUL. In instances where the calculated RUL of assets came to less than 25 months, these were adjusted to a minimum of 25 months.

Moveable assets:

It was agreed that the data of moveable assets and buildings that are indicated in the asset register as having a RUL of zero or less than 2 years will be reviewed and adjusted with the following:

Remaining useful life of 12 - 24 months:-

Condition: Fair, good, very good, poor = Adjustment: 12 months added
Condition: Very poor = Adjustment: No adjustment

Remaining useful life of 0- 12 months:-

Condition: Fair, good, very good, poor = Adjustment: 24 months added
Condition: Very poor = Adjustment: 12 months added

The effect of changing the remaining useful lives has decreased the depreciation charge for the current and future periods. The total number of assets affected is 137 877.

Pre-paid and conventional electricity meters:

The City has embarked on a project to replace all pre-paid and conventional meters with new smart meters. The aim of this project is to secure the revenue of the City. The project will commence on 1 October 2013 and will be for a duration of 24 months. Initially these meters had a useful life of 20 Years, however due to the strategic decision taken by Council to replace the old meters with new technology it was necessary to adjust the useful life of the old meters.

Adjustment: Remaining Useful Life 39 months from 1 July 2012 to 30 September 2015. The effect of changing the remaining useful lives has increased the depreciation charge for the current and future periods. The total number of assets affected is 434 996.

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

13. Property, plant and equipment (continued)

IMPAIRMENT:

The City of Tshwane has implemented the Standards of GRAP 21 and GRAP 26 on impairment of assets based on a position paper adopted on these standards. Based on the position paper all assets tested during this financial year were treated according to GRAP 21: Impairment of non-cash generating assets. GRAP 21.10 states that cash-generating assets are assets held with the primary objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-orientated entity where the entity intends to generate positive cash inflows from the asset (or from the cash-generating unit of which the asset is a part) and earn a return that reflects the risk involved in holding the asset.

Although the City of Tshwane holds material amounts of infrastructure assets such as water and electricity networks where a cost plus return is billed for services rendered, the majority of these assets are non-cash generating as the primary objective of such services is not to generate a commercial return that reflects the risk involved in holding the asset, but rather to provide a basic service in terms of the municipality's constitutional mandate. According to GRAP 21.11 there is a number of circumstances in which entities may hold some assets with the primary objective of generating a commercial return. None of the assets impaired in the 2012/13 financial year are held for that purpose.

Impairment indicators:
- Moveable assets with a condition rating of "poor" and "very poor"
- Infrastructure assets were impaired according to specific indicators including: vandalism, physical damage, discontinued assets and assets that became idle
- Assets held for sale: Fair values were determined based on the selling price of the items according to previous auctions held taking into consideration its current condition. Where the net book value of the item exceeded the fair value less the cost to sell, the assets were impaired to reflect the recoverable amount.

Notes to the Consolidated Annual Financial Statements

Figures in Rand

14. Investment property

Group	2013			2012 Restated		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property: Capitalised	1,016,558,270	(52,016,741)	964,541,529	1,002,335,741	(49,161,687)	953,174,054
Investment property: Asset under construction	-	-	-	49,000,000	-	49,000,000
Total	**1,016,558,270**	**(52,016,741)**	**964,541,529**	**1,051,335,741**	**(49,161,687)**	**1,002,174,054**

Municipality	2013			2012 Restated		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property: Capitalised	1,003,358,270	(52,016,741)	951,341,529	986,464,904	(49,161,687)	937,303,217
Investment property: Asset under construction	-	-	-	49,000,000	-	49,000,000
Total	**1,003,358,270**	**(52,016,741)**	**951,341,529**	**1,035,464,904**	**(49,161,687)**	**986,303,217**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

14. Investment property (continued)

Reconciliation of investment property - Group - 2013

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Fair value adjustments	Depreciation	Total
Investment property: Capitalised	953,174,054	18,307,493	(1,172,669)	(241,458)	-	(2,670,837)	(2,855,054)	964,541,529
Investment property: Asset under construction	49,000,000	-	-	-	(49,000,000)	-	-	-
	1,002,174,054	**18,307,493**	**(1,172,669)**	**(241,458)**	**(49,000,000)**	**(2,670,837)**	**(2,855,054)**	**964,541,529**

Reconciliation of investment property - Group - 2012

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Total
Investment property: Capitalised	836,904,976	129,198,222	(11,300,433)	1,415,167	(2,287,511)	(756,367)	953,174,054
Investment property: Asset under construction	-	49,000,000	-	-	-	-	49,000,000
	836,904,976	**178,198,222**	**(11,300,433)**	**1,415,167**	**(2,287,511)**	**(756,367)**	**1,002,174,054**

Notes to the Consolidated Annual Financial Statements

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14. Investment property (continued)

Reconciliation of investment property - Municipality - 2013

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Total
Investment property: Capitalised	937,303,217	18,307,493	(1,172,669)	(241,458)	-	(2,855,054)	951,341,529
Investment property: Asset under construction	49,000,000	-	-	-	(49,000,000)	-	-
	986,303,217	**18,307,493**	**(1,172,669)**	**(241,458)**	**(49,000,000)**	**(2,855,054)**	**951,341,529**

Reconciliation of investment property - Municipality - 2012

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Total
Investment property: Capitalised	821,113,962	129,118,399	(11,300,433)	1,415,167	(2,287,511)	(756,367)	937,303,217
Investment property: Asset under construction	-	49,000,000	-	-	-	-	49,000,000
	821,113,962	**178,118,399**	**(11,300,433)**	**1,415,167**	**(2,287,511)**	**(756,367)**	**986,303,217**

Pledged as security

For the municipality no investment property is pledged as security.

For the Housing Company Tshwane (municipal entity) the investment property (Eloff Building) with a carrying value of R13 200 000 is pledged as security.

Notes to the Consolidated Annual Financial Statements

Figures in Rand

15. Intangible assets

Group	2013			2012 Restated		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	546,977,793	(292,037,801)	254,939,992	523,804,560	(223,822,403)	299,982,157
Servitudes	159,305,972	-	159,305,972	149,402,282	681,391	150,083,673
Total	**706,283,765**	**(292,037,801)**	**414,245,964**	**673,206,842**	**(223,141,012)**	**450,065,830**

Municipality	2013			2012 Restated		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	546,883,977	(292,035,780)	254,848,197	523,804,560	(223,822,403)	299,982,157
Servitudes	159,305,972	-	159,305,972	149,402,282	681,391	150,083,673
Total	**706,189,949**	**(292,035,780)**	**414,154,169**	**673,206,842**	**(223,141,012)**	**450,065,830**

Reconciliation of intangible assets - Group - 2013

	Opening balance	Additions	Transfers	Other changes, movements	Amortisation	Total
Computer software	299,982,157	531,413	4,860,565	17,572,986	(68,007,129)	254,939,992
Servitudes	150,083,673	689,224	-	8,533,075	-	159,305,972
	450,065,830	**1,220,637**	**4,860,565**	**26,106,061**	**(68,007,129)**	**414,245,964**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

15. Intangible assets (continued)

Reconciliation of intangible assets - Group - 2012

	Opening balance	Additions	Transfers	Other changes, movements	Amortisation	Total
Computer software	200,081,000	131,135,357	12,609,132	(61,575)	(43,781,757)	299,982,157
Servitudes	147,283,982	-	-	2,799,691	-	150,083,673
Computer software: Asset under construction	532,762	-	(532,762)	-	-	-
	347,897,744	**131,135,357**	**12,076,370**	**2,738,116**	**(43,781,757)**	**450,065,830**

Reconciliation of intangible assets - Municipality - 2013

	Opening balance	Additions	Transfers	Other changes, movements	Amortisation	Total
Computer software	299,982,157	366,851	4,931,311	17,572,986	(68,005,108)	254,848,197
Servitudes	150,083,673	689,224	-	8,533,075	-	159,305,972
	450,065,830	**1,056,075**	**4,931,311**	**26,106,061**	**(68,005,108)**	**414,154,169**

Reconciliation of intangible assets - Municipality - 2012

	Opening balance	Additions	Transfers	Other changes, movements	Amortisation	Total
Computer software	200,081,000	131,135,357	12,609,132	(61,575)	(43,781,757)	299,982,157
Servitudes	147,283,982	-	-	2,799,691	-	150,083,673
Computer software: Asset under construction	532,762	-	(532,762)	-	-	-
	347,897,744	**131,135,357**	**12,076,370**	**2,738,116**	**(43,781,757)**	**450,065,830**

Pledged as security

No intangible assets are pledged as security:

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16. Heritage assets

Group	2013			2012 Restated		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art collections, antiquities and exhibits	21,416,693	-	21,416,693	21,425,695	-	21,425,695
Collections of rare books, manuscripts and records	536	-	536	536	-	536
Historical monuments	1,687,806	-	1,687,806	1,687,806	-	1,687,806
Historical buildings	2,366,960	-	2,366,960	2,730,995	-	2,730,995
Stamp collections, military insignia, medals, coins	214,400	-	214,400	214,400	-	214,400
Total	**25,686,395**	**-**	**25,686,395**	**26,059,432**	**-**	**26,059,432**

Municipality	2013			2012 Restated		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Art collections, antiquities and exhibits	21,416,693	-	21,416,693	21,425,695	-	21,425,695
Collections of rare books, manuscripts and records	536	-	536	536	-	536
Historical monuments	1,687,806	-	1,687,806	1,687,806	-	1,687,806
Historical buildings	2,366,960	-	2,366,960	2,730,995	-	2,730,995
Stamp collections, military insignia, medals, coins	214,400	-	214,400	214,400	-	214,400
Total	**25,686,395**	**-**	**25,686,395**	**26,059,432**	**-**	**26,059,432**

Notes to the Consolidated Annual Financial Statements

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16. Heritage assets (continued)

Reconciliation of heritage assets Group - 2013

	Opening balance	Disposals	Transfers	Total
Art collections, antiquities and exhibits	21,425,695	(9,002)	-	21,416,693
Collections of rare books, manuscripts and records	536	-	-	536
Historical monuments	1,687,806	-	-	1,687,806
Historical buildings	2,730,995	-	(364,035)	2,366,960
Stamp collections, military insignia, medals, coins	214,400	-	-	214,400
	26,059,432	**(9,002)**	**(364,035)**	**25,686,395**

Reconciliation of heritage assets Group - 2012

	Opening balance	Additions	Transfers	Other changes, movements	Total
Art collections, antiquities and exhibits	21,425,695	-	-	-	21,425,695
Collections of rare books, manuscripts and records	-	-	-	536	536
Historical monuments	1,687,806	-	-	-	1,687,806
Historical buildings	2,730,995	-	(311,161)	311,161	2,730,995
Stamp collections, military insignia, medals, coins	-	214,400	-	-	214,400
	25,844,496	**214,400**	**(311,161)**	**311,697**	**26,059,432**

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16. Heritage assets (continued)

Reconciliation of heritage assets Municipality - 2013

	Opening balance	Disposals	Transfers	Total
Art collections, antiquities and exhibits	21,425,695	(9,002)	-	21,416,693
Collections of rare books, manuscripts and records	536	-	-	536
Historical monuments	1,687,806	-	-	1,687,806
Historical buildings	2,730,995	-	(364,035)	2,366,960
Stamp collections, military insignia, medals, coins	214,400	-	-	214,400
	26,059,432	**(9,002)**	**(364,035)**	**25,686,395**

Reconciliation of heritage assets Municipality - 2012

	Opening balance	Additions	Transfers	Other changes, movements	Total
Art collections, antiquities and exhibits	21,425,695	-	-	-	21,425,695
Collections of rare books, manuscripts and records	-	-	-	536	536
Historical monuments	1,687,806	-	-	-	1,687,806
Historical buildings	2,730,995	-	(311,161)	311,161	2,730,995
Stamp collections, military insignia, medals, coins	-	214,400	-	-	214,400
	25,844,496	**214,400**	**(311,161)**	**311,697**	**26,059,432**

Pledged as security

No heritage assets are pledged as security:

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

16. Heritage assets (continued)

Transitional provisions

Heritage assets recognised at provisional amounts

In accordance with the transitional provisions as per Directive 3 of the GRAP Reporting Framework certain heritage assets with a carrying value of R 25,688,933 (2012: R 26,061,970) was recognised at provisional amounts. Carrying amounts of heritage asset carried at provisional amounts are as follows:

Due to initial adoption of GRAP 103

Heritage assets	25,688,933	26,061,970	25,688,933	26,061,970

Steps taken to establish the values of heritage assets recognised at provisional amounts due to the initial adoption of GRAP 103, are as follows:

For the 2013 reporting period all heritage assets were identified and recognized using provisional amounts. During the 2014 reporting period where the cost of the heritage asset cannot be determined on the initial recognition of the asset, the value will be determined in accordance with Directive 7 and GRAP 103. Directive 7 provides a hierarchy for determining the value of an asset in the absence of a reliable measure of its cost, being firstly the fair value and thereafter the replacement cost of the heritage asset. If the cost, fair value or replacement cost of a heritage asset or class of assets cannot be reliably measured relevant information as required in GRAP 103 will be disclosed per asset or class of heritage assets.

Firstly the internal resources within the Heritage Asset Environment will be used to assist in determining the value of heritage assets, however where skills and expertise lack, a professional valuer will have to be appointed.

The date at which full compliance with GRAP 103 is expected, is 30 June 2015.

Notes to the Consolidated Annual Financial Statements

Figures in Rand

17. Leased assets

Group

	2013			2012 Restated		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Vehicles	335,117,867	(163,462,015)	171,655,852	544,185,328	(151,404,844)	392,780,484

Municipality

	2013			2012 Restated		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Vehicles	335,117,867	(163,462,015)	171,655,852	544,185,328	(151,404,844)	392,780,484

Reconciliation of leased assets - Group - 2013

	Opening balance	Expired term	Other changes	Depreciation/ Amortisation	Total
Vehicles	392,780,484	(209,362,623)	81,309,495	(93,071,504)	171,655,852

Reconciliation of leased assets - Group - 2012

	Opening balance	Additions	Other changes	Depreciation/ Amortisation	Total
Vehicles	334,282,435	115,026,987	52,327,142	(108,856,080)	392,780,484

Notes to the Consolidated Annual Financial Statements

Figures in Rand

17. Leased assets (continued)

Reconciliation of leased assets - Municipality - 2013

	Opening balance	Expired term	Other changes	Depreciation/ Amortisation	Total
Vehicles	392,780,484	(209,362,623)	81,309,495	(93,071,504)	171,655,852

Reconciliation of leased assets - Municipality - 2012

	Opening balance	Additions	Other changes	Depreciation/ Amortisation	Total
Vehicles	334,282,435	115,026,987	52,327,142	(108,856,080)	392,780,484

City of Tshwane Metropolitan Municipality
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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R

18. Assets held for sale

Non-current assets: cost	76	9,944,699	76	9,944,699
Non-current assets: Accumulated depreciation	(20)	(9,600,109)	(20)	(9,600,109)
	56	**344,590**	**56**	**344,590**

The abovementioned non-current groups of assets (mostly vehicles, bicycles and other smaller movable assets) have been marked for disposal and were in the auction yard at year end.

19. Investments

At amortised cost				
Short-term deposits	636,003,487	323,851,507	636,003,487	323,851,507
At amortised cost				
Municipal stock	710,521	3,033,003	710,521	3,033,003
Assurance companies	4,275,691	3,867,827	4,275,691	3,867,827
Fixed deposits	-	80,721,779	-	80,721,779
	4,986,212	**87,622,609**	**4,986,212**	**87,622,609**
Total investments	**640,989,699**	**411,474,116**	**640,989,699**	**411,474,116**
Non-current investments				
At amortised cost	4,986,212	87,622,609	4,986,212	87,622,609
Current investments				
At amortised cost (refer to note 24)	636,003,487	323,851,507	636,003,487	323,851,507

There were no gains or losses realised on the disposal of held to maturity financial assets in 2013 and 2012 Restated, as all the financial assets were disposed of at their redemption date.

Market value of listed investments and management's valuation of unlisted investments:				
Unlisted investments	332,224,368	282,571,456	332,224,368	282,571,456
Average rate of return				
Average rate of return on long-term investments:	7.02 %	7.77 %	7.02 %	7.77 %
Average rate of return on short-term investments:	4.82 %	5.19 %	4.82 %	5.19 %

No investments were past due. No impairment occurred during the financial year under review.

Carrying amount of investments to the amount R310 310 086 (2012 = R 282 571 456 is ceded over to all secured long-term liabilities as per note 4. Also refer to note 39.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

20. Long-term receivables

Consumer: Arrangement debtors	223,182,071	201,991,222	223,182,071	201,991,222
Housing loans	19,649,214	20,289,707	19,649,214	20,289,707
Loans to sport clubs	1,234,208	1,569,306	1,234,208	1,569,306
Motor car loans	-	11,710	-	11,710
Sale of land	69,124,308	83,480,809	69,124,308	83,480,809
	313,189,801	307,342,754	313,189,801	307,342,754
Short-term portion of long-term receivables	(119,303,329)	(108,802,610)	(119,303,329)	(108,802,610)
	193,886,472	198,540,144	193,886,472	198,540,144
Provision: Debt impairment	(89,609,011)	(104,323,849)	(89,609,011)	(104,323,849)
	104,277,461	**94,216,295**	**104,277,461**	**94,216,295**

Reconciliation of provision for bad debt				
Balance at the beginning of year	(104,323,849)	(59,241,366)	(104,323,849)	(59,241,366)
Contribution to provision during the year	14,714,838	(45,082,483)	14,714,838	(45,082,483)
	(89,609,011)	**(104,323,849)**	**(89,609,011)**	**(104,323,849)**

Consumer: Arrangement debtors

A policy exists granting consumer debtors an opportunity to make arrangements to pay off their arrear debt over a certain period.

Housing loans

Housing loans are granted to qualifying individuals in terms of the Provincial Administration's Housing Program. These loans attract interest of 13.5% per annum and are repayable over periods of 20 and 30 years. These loans have various terms applicable.

Motor car loans

Senior staff were entitled to motor car loans which attract interest at 8.5% per annum and which are repayable over a maximum period of 6 years. This practice has been terminated in terms of the MFMA and the last loan was repaid within the 2012/13 financial year.

Loans to sport clubs

Sports Clubs that do qualify, sign a 99 year lease hold agreement with the municipality at a nominal amount and are provided with financial assistance from the municipality to build or improve a facility of which the funds are repayable over a period and the Club has no claim to the improvements after the expiration of the lease hold agreement.

Sale of land debtors

Vacant properties are sold through a process administered by Property Legal Services. Contracts are signed and advices for the opening of individual accounts, which indicates the amount of the deposit (10%) and VAT (14%) are issued. The contract stipulates as from when interest is payable (immediately after signing the contract or after 12 months). The interest rate used is the Municipality's mortgage bond rate which currently is 9%. Interest is calculated monthly on the outstanding balance of the property.

AGEING

Consumer: Arrangement debtors				
121 - 365 days	116,937,089	106,371,323	116,937,089	106,371,323
> 365 days	106,244,982	95,619,899	106,244,982	95,619,899
	223,182,071	**201,991,222**	**223,182,071**	**201,991,222**

Housing loans				
121 - 365 days	19,649,214	20,289,707	19,649,214	20,289,707

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R
Loans to sport clubs				
121 - 365 days	1,234,208	1,569,306	1,234,208	1,569,306
Sale of land				
121 - 365 days	69,124,308	83,480,809	69,124,308	83,480,809

21. Inventories

Raw materials, components	266,799,905	344,585,499	264,680,756	342,583,936
Water	7,471,859	8,758,881	6,820,200	8,243,672
Premos restaurant	38,268	29,080	38,268	29,080
Fuel (Diesel, petrol)	1,722,743	1,923,883	1,722,743	1,923,883
Bus tickets	196,276	405,242	196,276	405,242
Plants (nursery)	90,047	72,381	90,047	72,381
Quarries	982,908	706,173	982,908	706,173
Coal (power stations)	124,936,635	60,980,871	124,936,635	60,980,871
	402,238,641	**417,462,010**	**399,467,833**	**414,945,238**

Included in general expenses in the statement of financial performance is an amount of R1 453 711 (2012 = R962 296) relating to the write-down of obsolete and damaged inventory.

22. Consumer debtors

The City of Tshwane has a consolidated account billing system. The division of debtors per service category is done on a pro-rata basis based on the levies. The provision for bad debt is also not available per income/service group.

The interest and other fees and levies indicated below, cannot be split between exchange and non-exchange transactions. It is included in total in the age-analysis.

Service debtors:				
Rates	1,824,583,151	1,545,920,000	1,824,583,151	1,545,920,000
Electricity	2,068,211,644	1,584,785,601	2,068,211,644	1,584,785,601
Water	1,492,730,933	1,198,557,015	1,110,138,877	855,417,400
Other fees and levies	527,190,165	716,189,386	527,190,165	716,189,386
Sewerage	245,868,044	201,770,260	245,868,044	201,770,260
Refuse	309,229,109	247,754,827	309,229,109	247,754,827
Interest	621,678,725	386,652,188	621,678,725	386,652,188
	7,089,491,771	5,881,629,277	6,706,899,715	5,538,489,662
Less: Arrangement debtors	(223,182,071)	(201,991,221)	(223,182,071)	(201,991,221)
	6,866,309,700	**5,679,638,056**	**6,483,717,644**	**5,336,498,441**
Less: Provision for bad debt				
General: All services	(3,741,379,797)	(2,945,403,331)	(3,353,295,969)	(2,587,889,015)
Net balance				
Rates	1,824,583,151	1,545,920,000	1,824,583,151	1,545,920,000
Electricity	2,068,211,644	1,584,785,601	2,068,211,644	1,584,785,601
Water	1,492,730,933	1,198,557,015	1,110,138,877	855,417,400
Other fees and levies	527,190,165	716,189,386	527,190,165	716,189,386
Sewerage	245,868,044	201,770,260	245,868,044	201,770,260
Refuse	309,229,109	247,754,827	309,229,109	247,754,827
Interest	621,678,725	386,652,188	621,678,725	386,652,188
Arrangement debtors	(223,182,071)	(201,991,221)	(223,182,071)	(201,991,221)
Less: Provision for bad debt	(3,741,379,797)	(2,945,403,331)	(3,353,295,969)	(2,587,889,015)
	3,124,929,903	**2,734,234,725**	**3,130,421,675**	**2,748,609,426**

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

22. Consumer debtors (continued)

Included in above is receivables from exchange transactions				
Electricity	2,068,211,644	1,584,785,601	2,068,211,644	1,584,785,601
Water	1,492,730,933	1,198,557,015	1,110,138,877	855,417,400
Other fees and levies	527,190,165	716,189,386	527,190,165	716,189,386
Sewerage	245,868,044	201,770,260	245,868,044	201,770,260
Refuse	309,229,109	247,754,827	309,229,109	247,754,827
Interest	621,678,725	386,652,188	621,678,725	386,652,188
	5,264,908,620	**4,335,709,277**	**4,882,316,564**	**3,992,569,662**
Included in above is receivables from non-exchange transactions (taxes and transfers)				
Rates	1,824,583,151	1,545,920,000	1,824,583,151	1,545,920,000
Net balance	**7,089,491,771**	**5,881,629,277**	**6,706,899,715**	**5,538,489,662**

An amount of R83 087 103 (R 87 099 336 inclusive of VAT) was written off during 2012/13 [2011/12 = R111 208 265 (R126 777 422 inclusive of VAT)] in terms of a Council Resolution dated 29 August 2002 and 25 March 2010 whereby the Chief Financial Officer have delegated powers to write off amounts lower than R3 000 and inactive accounts. A Council Resolution dated 31 March 2005 renders approval whereby the debt of indigent households are written off.

AGEING

Rates				
Current (0 -30 days)	476,293,784	479,832,849	476,293,784	479,832,849
31 - 60 days	61,600,958	45,422,529	61,600,958	45,422,529
61 - 90 days	60,161,564	45,731,448	60,161,564	45,731,448
91 - 120 days	47,242,560	41,240,780	47,242,560	41,240,780
121 - 150 days	48,170,542	38,195,096	48,170,542	38,195,096
151 - 180 days	51,389,039	33,356,174	51,389,039	33,356,174
181 - 365 days	298,992,043	168,639,664	298,992,043	168,639,664
365 + days	780,732,661	693,501,460	780,732,661	693,501,460
	1,824,583,151	**1,545,920,000**	**1,824,583,151**	**1,545,920,000**
Electricity				
Current (0 -30 days)	1,217,836,422	869,378,999	1,217,836,422	869,378,999
31 - 60 days	31,192,254	21,303,134	31,192,254	21,303,134
61 - 90 days	31,176,484	26,840,993	31,176,484	26,840,993
91 - 120 days	24,318,261	22,263,464	24,318,261	22,263,464
121 - 150 days	20,676,197	17,050,776	20,676,197	17,050,776
151 - 180 days	23,458,028	19,741,776	23,458,028	19,741,776
181 - 365 days	115,648,505	107,717,873	115,648,505	107,717,873
365 + days	603,905,493	500,488,586	603,905,493	500,488,586
	2,068,211,644	**1,584,785,601**	**2,068,211,644**	**1,584,785,601**
Water				
Current (0 -30 days)	799,012,271	638,288,253	416,420,215	295,148,638
31 - 60 days	27,378,311	16,984,586	27,378,311	16,984,586
61 - 90 days	25,861,105	23,899,289	25,861,105	23,899,289
91 - 121 days	23,136,511	22,170,598	23,136,511	22,170,598
121 - 150 days	21,633,515	16,139,075	21,633,515	16,139,075
151 - 180 days	20,596,630	15,947,134	20,596,630	15,947,134
181 -365 days	110,094,869	107,706,637	110,094,869	107,706,637
365 + days	465,017,721	357,421,443	465,017,721	357,421,443
	1,492,730,933	**1,198,557,015**	**1,110,138,877**	**855,417,400**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

22. Consumer debtors (continued)

Other fees and levies				
Current (0 -30 days)	32,372,274	325,162,548	32,372,274	325,162,548
31 - 60 days	(439,081)	(10,023,641)	(439,081)	(10,023,641)
61 - 90 days	1,722,124	1,484,506	1,722,124	1,484,506
91 - 120 days	(1,340,313)	1,733,279	(1,340,313)	1,733,279
121 - 150 days	2,029,219	1,607,810	2,029,219	1,607,810
151 - 180 days	(1,861,518)	2,277,419	(1,861,518)	2,277,419
181 - 365 days	(12,760,140)	37,169,720	(12,760,140)	37,169,720
365 + days	507,467,600	356,777,745	507,467,600	356,777,745
	527,190,165	**716,189,386**	**527,190,165**	**716,189,386**
Sanitation				
Current (0 -30 days)	97,422,557	73,549,210	97,422,557	73,549,210
31 - 60 days	3,987,616	3,425,586	3,987,616	3,425,586
61 - 90 days	4,681,567	4,666,827	4,681,567	4,666,827
91 120 days	4,737,429	4,189,376	4,737,429	4,189,376
121 - 150 days	4,152,019	3,481,735	4,152,019	3,481,735
151 - 180 days	3,763,683	3,325,158	3,763,683	3,325,158
181 - 365 days	18,221,029	22,090,929	18,221,029	22,090,929
365 + days	108,902,144	87,041,439	108,902,144	87,041,439
	245,868,044	**201,770,260**	**245,868,044**	**201,770,260**
Solid waste				
Current (0 -30 days)	70,988,472	49,961,330	70,988,472	49,961,330
31 - 60 days	8,601,645	5,604,167	8,601,645	5,604,167
61 - 90 days	7,184,962	5,954,968	7,184,962	5,954,968
91 - 120 days	6,649,975	5,747,585	6,649,975	5,747,585
121 - 150 days	6,791,283	5,095,307	6,791,283	5,095,307
151 - 180 days	6,107,369	5,404,649	6,107,369	5,404,649
181 - 365 days	31,571,012	30,719,654	31,571,012	30,719,654
365 + days	171,334,391	139,267,167	171,334,391	139,267,167
	309,229,109	**247,754,827**	**309,229,109**	**247,754,827**
Interest				
Current (0 -30 days)	65,190,857	61,864,639	65,190,857	61,864,639
31 - 60 days	20,975,348	16,968,685	20,975,348	16,968,685
61 - 90 days	19,834,903	21,783,074	19,834,903	21,783,074
91 - 120 days	22,140,617	20,521,558	22,140,617	20,521,558
121 - 150 days	19,752,248	19,519,635	19,752,248	19,519,635
151 - 180 days	18,521,698	18,872,773	18,521,698	18,872,773
181 - 365 days	100,432,454	98,441,500	100,432,454	98,441,500
365 + days	354,830,600	128,680,324	354,830,600	128,680,324
	621,678,725	**386,652,188**	**621,678,725**	**386,652,188**
Ageing: Total				
Current (0 -30 days)	2,759,116,637	2,498,037,827	2,376,524,581	2,154,898,211
31 - 60 days	153,297,051	99,685,046	153,297,051	99,685,046
61 - 90 days	150,622,709	130,361,106	150,622,709	130,361,106
91 - 120 days	126,885,039	117,866,640	126,885,039	117,866,640
121 - 150 days	123,205,022	101,089,432	123,205,022	101,089,432
151 - 180 days	121,974,930	98,925,083	121,974,930	98,925,083
181 - 365 days	662,199,772	572,485,978	662,199,772	572,485,978
365 + days	2,992,190,610	2,263,178,165	2,992,190,610	2,263,178,165
	7,089,491,770	**5,881,629,277**	**6,706,899,714**	**5,538,489,661**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R

22. Consumer debtors (continued)

Consumer debtors - past due and impaired				
90 days and beyond	3,741,379,797	2,945,403,331	3,353,295,969	2,582,889,015
Consumer debtors - past due and not impaired				
90 days and beyond	285,075,576	208,141,967	673,159,405	570,656,284

Note must be taken that the amounts indicated as past due and impaired and past due and not impaired will not balance back to the total age-analysis as the municipality/group only impair from 90 days onward.

Summary of debtors by customer classification

Consumers				
Household	4,512,230,714	3,885,788,941	4,129,638,659	3,542,649,425
Industrial/Commercial	2,072,536,774	1,509,036,730	2,072,536,772	1,509,036,730
National and Provincial Government	132,889,791	138,525,200	132,889,791	138,525,200
Other	371,834,492	348,278,406	371,834,492	348,278,406
	7,089,491,771	**5,881,629,277**	**6,706,899,714**	**5,538,489,761**
Households				
Current (0 -30 days)	2,013,855,075	1,508,370,691	1,631,263,019	1,165,231,176
30 - 60 days	87,254,928	56,060,486	87,254,928	56,060,486
61 - 90 days	86,323,188	74,397,333	86,323,188	74,397,333
91 - 120 days	79,585,390	102,336,658	79,585,390	102,336,658
121 - 150 days	69,929,551	58,998,275	69,929,551	58,998,275
151 - 180 days	68,880,028	60,764,226	68,880,028	60,764,226
181 -365 days	399,355,969	351,862,090	399,355,969	351,862,090
365 + days	1,707,046,586	1,672,999,181	1,707,046,586	1,672,999,181
	4,512,230,715	**3,885,788,940**	**4,129,638,659**	**3,542,649,425**
Industrial/ commercial				
Current (0 -30 days)	1,047,437,501	695,999,702	1,047,437,501	695,999,702
31 - 60 days	52,864,030	30,726,361	52,864,030	30,726,361
61 - 90 days	39,058,369	34,765,948	39,058,369	34,765,948
91 - 120 days	34,198,868	32,753,629	34,198,868	32,753,629
121 -150 days	38,398,637	29,757,426	38,398,637	29,757,426
151 - 180 days	40,891,597	25,071,628	40,891,597	25,071,628
181 - 365 days	210,401,351	133,036,222	210,401,351	133,036,222
365 + days	609,286,419	526,925,814	609,286,419	526,925,814
	2,072,536,772	**1,509,036,730**	**2,072,536,772**	**1,509,036,730**
National and provincial government				
Current (0 -30 days)	113,283,294	82,467,176	113,283,294	82,467,176
31 - 60 days	5,383,255	4,055,081	5,383,255	4,055,081
61 - 90 days	5,373,644	6,120,619	5,373,644	6,120,619
91 - 120 days	777,916	4,917,341	777,916	4,917,341
121 - 150 days	3,271,363	1,452,181	3,271,363	1,452,181
151 - 180 days	(1,672,337)	4,293,897	(1,672,337)	4,293,897
181 - 365 days	(19,818,985)	19,142,161	(19,818,985)	19,142,161
365 + days	26,291,641	16,076,744	26,291,641	16,076,744
	132,889,791	**138,525,200**	**132,889,791**	**138,525,200**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R
22. Consumer debtors (continued)				
Other				
Current (0 -30 days)	31,777,383	3,019,254	31,777,383	3,019,254
31 - 60 days	(8,477,686)	(2,431,889)	(8,477,686)	(2,431,889)
61 - 90 days	3,672,710	661,209	3,672,710	661,209
91 - 120 days	(1,014,415)	(237,367)	(1,014,415)	(237,367)
121 - 150 days	(1,152,326)	(314,422)	(1,152,326)	(314,422)
151 - 180 days	1,186,849	(2,266,661)	1,186,849	(2,266,661)
181 - 365 days	3,073,068	4,021,805	3,073,068	4,021,805
365 + days	342,768,909	345,826,477	342,768,909	345,826,477
	371,834,492	**348,278,406**	**371,834,492**	**348,278,406**
Reconciliation of allowance for impairment				
Balance at beginning of the year	(2,945,403,331)	(2,233,923,917)	(2,587,889,015)	(1,932,889,995)
Contributions to allowance	(765,406,954)	(654,999,020)	(765,406,954)	(654,999,020)
Contribution to allowance: Sandspruit	(30,569,512)	(56,480,394)	-	-
	(3,741,379,797)	**(2,945,403,331)**	**(3,353,295,969)**	**(2,587,889,015)**
23. Other debtors				
Gauteng Province: Housing grants	48,553,230	-	48,553,230	-
Creditors reclassification	27,810,570	-	27,810,570	-
Housing debtors	35,360,163	31,597,589	35,360,163	31,597,589
Government subsidies	-	23,655,000	-	23,655,000
Prepaid expenses	2,229,732	-	-	-
Miscellaneous	237,884,983	313,340,030	165,442,894	242,263,000
Lease revenue	58,535,276	55,814,900	58,535,276	55,814,900
DWA outstanding grant	4,750,000	4,750,000	4,750,000	4,750,000
Waste management	90,755,492	70,360,047	90,755,492	70,360,047
Sundry rentals	63,999,798	56,004,127	63,999,798	56,004,127
Sundry Persons	167,325,461	197,748,586	167,325,461	197,793,251
Public contributions	188,328,717	160,180,130	188,328,717	160,180,130
Sandspruit	-	-	34,298,530	34,298,530
RTMC: AARTO debtor	31,095,402	31,266,468	31,095,402	31,266,468
	956,628,824	944,716,877	916,255,533	907,983,042
Less: Provision For Bad debt	(374,900,434)	(286,506,764)	(374,893,214)	(286,481,321)
	581,728,390	**658,210,113**	**541,362,319**	**621,501,721**
AGEING				
Housing debtors				
121 - 365 days	35,360,163	31,597,589	35,360,163	31,597,589
Government subsidies				
> 365 days	-	23,655,000	-	23,655,000
Miscellaneous				
121 - 365 days	237,884,983	313,340,030	165,442,894	242,263,000
Lease revenue				
31 - 60 days	58,535,276	55,814,900	58,535,276	55,814,900
DWA outstanding grant				
> 365 days	4,750,000	4,750,000	4,750,000	4,750,000

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R
23. Other debtors (continued)				
Waste Management				
61 - 90 days	90,755,492	70,360,047	90,755,492	70,360,047
Sundry rentals				
61 - 90 days	63,999,798	56,004,127	63,999,798	56,004,127
Sundry Persons				
91 - 120 days	167,325,461	197,748,586	167,325,461	197,793,251
Public contributions				
121 - 365 days	28,148,587	51,729,356	28,148,587	51,729,356
> 365 days	160,180,130	108,450,774	160,180,130	108,450,774
	188,328,717	**160,180,130**	**188,328,717**	**160,180,130**
Sandspruit Works Association				
> 365 days	-	-	34,298,530	34,298,530
RTMC: AARTO debtor				
121 - 365 days	19,828,934	17,654,148	19,828,934	17,654,148
> 365 days	11,266,468	13,612,320	11,266,468	13,612,320
	31,095,402	**31,266,468**	**31,095,402**	**31,266,468**

Other receivables from non-exchange transactions past due but not impaired

For the group, trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2013, R 581,728,390 (2012: R 658,210,113) were past due but not impaired.

For the municipality, trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2013, R 541 362 319 (2012: R 621 501 721) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

3 months past due	581,728,390	658,210,113	541,362,319	621,501,721

Other receivables from non-exchange transactions

For the group as of 30 June 2013, trade and other receivables of R 956,628,824 (2012: R 944,716,877) were impaired and provided for by the group.

For the municipality as of 30 June 2013, trade and other receivables of R 916 255 533 (2012: R 907 983 042) were impaired and provided for by the municipality.

The amount of the provision was R 374,893,214 as of 30 June 2013 (2012: R 286,481,321) .

The ageing of these debtors are as follows:

Over 6 months	956,628,824	944,716,877	916,255,533	907,983,042

City of Tshwane Metropolitan Municipality
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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

23. Other debtors (continued)

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(286,506,764)	(274,900,358)	(286,481,321)	(274,852,557)
Contributions to provision	(116,003,067)	(62,588,529)	(116,003,067)	(62,588,529)
Write back of provision	27,591,174	50,959,765	27,591,174	50,959,765
Other: municipal entities	18,223	22,358	-	-
	(374,900,434)	**(286,506,764)**	**(374,893,214)**	**(286,481,321)**

24. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	335,890	332,865	323,692	323,306
Bank balances	740,631,904	643,594,056	685,794,588	603,779,219
Short-term deposits	636,003,487	323,851,507	636,003,487	323,851,507
	1,376,971,281	**967,778,428**	**1,322,121,767**	**927,954,032**

Cash and bank	740,967,794	643,926,921	686,118,280	604,102,525
Call investments deposits (refer to note 19)	636,003,487	323,851,507	636,003,487	323,851,507
	1,376,971,281	**967,778,428**	**1,322,121,767**	**927,954,032**

The municipality and municipal entities have the following bank accounts

Account number / description	**Bank statement balances**			**Cash book balances**		
	30 June 2013	**30 June 2012**	**30 June 2011**	**30 June 2013**	**30 June 2012**	**30 June 2011**
Absa - 4060738263	53,425,770	4,271,940	22,589,302	53,425,770	4,271,940	26,957,877
FNB - 51420107207	29,947,819	24,467,226	9,458,968	29,947,819	24,467,226	9,464,455
Standard - 410801453	542,419,806	509,325,696	249,163,354	564,333,136	540,182,806	303,717,749
Insurance Contingency - Absa - 4062593950	3,765,923	9,813,883	1,985,425	3,765,923	9,813,883	1,985,425
Tshwane Market - FNB - 51421161509	28,505,953	25,502,452	21,853,817	28,365,848	25,051,797	20,833,817
Nedbank - 1454121963	5,956,092	1,597,115	1,356,360	5,956,092	-	-
Municipality	**664,021,363**	**574,978,312**	**306,407,226**	**685,794,588**	**603,787,652**	**362,959,323**
Housing Company Tshwane: Absa - 4065722829	5,914,551	3,208,599	672,493	5,914,551	3,208,599	672,493
Housing Company Tshwane: Absa - 4057481879	20,439,337	14,776,125	8,588,453	20,439,336	14,776,125	8,588,453
Housing Company Tshwane: Absa - 911408066	534,490	517,671	409,444	534,490	517,671	409,444
Sandspruit: Standard - 32250738	7,336,707	2,205,649	22,150,482	7,189,506	1,572,856	21,890,068
Sandspruit: ODI Standard - 31906842	166,095	128,192	67,536	166,096	128,192	67,536
Sandspruit: ODI Standard - 738717959	3,896,360	18,508,342	16,827,485	3,896,360	18,508,342	16,827,485
Sandspruit: Absa - 4051139634	706,559	954,575	2,256,070	706,559	954,575	2,256,070
Sandspruit: Absa Money Market - 9074185817	156,627	148,477	140,799	156,012	148,477	140,799
TEDA: Standard - 410791830	15,834,405	-	-	15,834,405	-	-
Group total	**719,006,494**	**615,425,942**	**357,519,988**	**740,631,903**	**643,602,489**	**413,811,671**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R

25. Property rates

Rates received

Property rates	4,023,455,291	3,387,338,131	4,023,595,673	3,387,455,725
Less: Interdepartmental charges - assessment rates	(24,009,955)	(29,680,895)	(24,009,955)	(29,680,895)
	3,999,445,336	**3,357,657,236**	**3,999,585,718**	**3,357,774,830**

Valuations

Residential	240,048,454,953	235,554,628,015	240,048,454,953	235,554,628,015
Other	96,113,422,156	94,486,436,697	96,113,422,156	94,486,436,697
	336,161,877,109	**330,041,064,712**	**336,161,877,109**	**330,041,064,712**

The land value was changed to market value according to the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA) that came into effect on 1 July 2008. The increase in valuation is due to the fact that the full market value of a property is now the basis of levying rates and not the land value.

No difference is made between land value and the value of improvements and only the market value appears on the valuation roll. With the implementation of the MPRA, different categories of properties are levied at different tariffs with different rebates applicable.

Property owners of 60 years and older and/or physically or mentally disabled, who can substantiate receipt of a social pension, and owners certified by the Medical Officer of Health as physically or mentally disabled, can qualify for a rebate, subject to certain conditions.

26. Service charges

Sale of electricity	8,291,910,970	7,651,792,599	8,294,521,349	7,654,382,250
Sale of water	2,286,768,511	2,036,743,947	2,348,237,736	2,075,344,867
Solid waste	612,766,003	491,342,951	612,766,003	491,342,951
Sewerage and sanitation charges	607,735,647	535,611,802	571,304,418	502,650,860
Other service charges	126,476,162	160,002,041	126,476,162	160,002,041
	11,925,657,293	10,875,493,340	11,953,305,668	10,883,722,969
Less: Interdepartmental - Electricity	(160,664,536)	(127,989,054)	(160,664,536)	(127,989,054)
Less: Interdepartmental - Water	(96,867,133)	(81,745,092)	(96,867,133)	(81,745,092)
Less: Interdepartmental - Solid Waste	(14,805,449)	(11,342,335)	(14,805,449)	(11,342,335)
Less: Interdepartmental - Sanitation	(11,084,608)	(11,044,805)	(11,084,608)	(11,044,805)
Net service charges per statement of financial performance	**11,642,235,567**	**10,643,372,054**	**11,669,883,942**	**10,651,601,683**

City of Tshwane Metropolitan Municipality
Consolidated Annual Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Annual Financial Statements

27. Government grants, subsidies, awards & donations

	Group 2013 R	Group 2012 Restated R	Municipality 2013 R	Municipality 2012 Restated R
Operating grants				
Equitable share	1,040,630,000	923,020,000	1,040,630,000	923,020,000
Emergency Management Services subsidy	49,676,000	35,483,000	49,676,000	35,483,000
Fuel levy	1,326,054,000	1,191,521,000	1,326,054,000	1,191,521,000
Finance Management grant (FMG)	3,095,884	5,116,485	3,095,884	5,116,485
PTIS	38,179,260	3,644,603	38,179,260	3,644,603
Department Water Affairs (DWA)	2,318,533	6,926,472	2,318,533	6,926,472
Topstructure grant	45,363,566	93,056,868	45,363,566	93,056,868
Health subsidy	29,625,439	27,324,561	29,625,439	27,324,561
HIV/AIDS subsidy	5,796,674	5,310,401	5,796,674	5,310,401
Community Libraries	3,164,270	5,848,016	3,406,296	5,848,016
Other operational grants	-	2,460,768	-	2,460,768
USDG operational	48,317,310	3,060,239	48,317,310	3,060,239
Incorporation grant	-	20,000,000	-	20,000,000
Grants from CoT	1	-	-	-
	2,592,220,937	2,322,772,413	2,592,462,962	2,322,772,413
Capital grants				
INEP	30,000,000	19,861,273	30,000,000	19,861,273
Gauteng Housing	56,305,113	38,467,901	56,305,113	38,467,901
PTIS Roads and storm water	93,540,864	54,366,422	93,540,864	54,366,422
PTIS Transport	739,057,352	104,378,861	739,057,352	104,378,861
NDPG	183,447,390	48,304,204	183,447,390	48,304,204
Blue IQ	12,999,757	14,999,944	12,999,757	14,999,944
Libraries	3,761,079	4,095,163	3,761,079	4,095,163
FMG	1,433,950	322,513	1,433,950	322,513
USDG	1,012,870,611	877,902,840	1,012,870,611	877,902,840
Electricity Demand Side	10,622,559	46,360,952	10,622,559	46,360,952
Department Water Affairs	-	15,597,000	-	15,597,000
Sport and Recreation	443,360	-	443,360	-
Gautrans	1,337,104	-	1,337,104	-
Expanded Public Works Program	5,726,394	-	5,726,394	-
	2,151,545,533	1,224,657,073	2,151,545,533	1,224,657,073
	4,743,766,470	**3,547,429,486**	**4,744,008,495**	**3,547,429,486**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

	Group 2013 R	Group 2012 Restated R	Municipality 2013 R	Municipality 2012 Restated R
Conditional grants received	2,292,054,072	1,364,770,524	2,292,054,072	1,364,770,524
Unconditional grants received	2,451,782,113	1,364,770,524	2,451,782,113	2,182,658,962
	4,743,836,185	**2,729,541,048**	**4,743,836,185**	**3,547,429,486**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

27. Government grants, subsidies, awards & donations (continued)

Equitable Share (DoRA)

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of R419.92 (2012 = R378; 2011 = R251; 2010 = R 223 and 2009 = R 186), which is funded from the grant.

Primary Health Care Subsidy (Provincial)

Current-year receipts	29,625,439	27,324,561	29,625,439	27,324,561
Conditions met - transferred to revenue	(29,625,439)	(27,324,561)	(29,625,439)	(27,324,561)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 11)

The group renders health services on behalf of the Provincial Government. The purpose of this subsidy is to render comprehensive primary health services according to service level agreements. This subsidy has been used exclusively to fund clinic services. The conditions of the subsidy has been met.

Emergency Management Services Subsidy (Provincial)

Current-year receipts	49,676,000	47,901,500	49,676,000	47,901,500
Conditions met - transferred to revenue	(49,676,000)	(47,901,500)	(49,676,000)	(47,901,500)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 11)

The group renders ambulance services on behalf of the provincial government and is reimbursed. The purpose of this subsidy is to ensure rapid and effective emergency care. This grant has been used exclusively to fund the rendering of ambulance services. The conditions of the subsidy have been met.

Gauteng Sport & Recreation (Loftus Upgrade) (DoRA)

Department of Water Affairs & Forestry (DoRA)

Balance unspent at beginning of year	290,366	3,441,339	290,366	1,149,838
Current-year receipts	2,227,000	24,470,919	2,227,000	22,619,000
Conditions met - transferred to revenue	(2,318,533)	(26,666,892)	(2,318,533)	(22,523,472)
Returned to National Treasury	(194,000)	(955,000)	(194,000)	(955,000)
	4,833	**290,366**	**4,833**	**290,366**

Conditions still to be met - remain liabilities (see note 11)

The balance consists of the unspent portion of the 2012/13 financial year to date. An amount of R194 000 (R955 000 returned during 2012) has been returned to National Treasury with regard to the unspent balance of 2011/12.

The purpose of this grant is to subsidise and build capacity in water schemes owned and/or operated by the Department of Water Affairs or by other agencies on behalf of the department and transfer these schemes to local government. This grant was received for the supply of water services for community upliftment.

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R

27. Government grants, subsidies, awards & donations (continued)

Electricity for All (INEP) (DoRA)

Balance unspent at beginning of year	1,526,000	1,526,274	1,526,000	1,526,274
Current-year receipts	30,000,000	21,000,000	30,000,000	21,000,000
Conditions met - transferred to revenue	(30,000,000)	(21,000,000)	(30,000,000)	(21,000,000)
Returned to National Treasury	(1,526,000)	(1,139,000)	(1,526,000)	(1,139,000)
Prior year restatements	-	1,138,726	-	1,138,726
	-	**1,526,000**	**-**	**1,526,000**

Conditions still to be met - remain liabilities (see note 11)

An amount of R1 139 000 was already repaid to National Treasury during 2011/12 and an amount of R1 526 000 was repaid to National Treasury during 2012/13.

The purpose of the grant is to implement the Integrated National Electrification Program (INEP) by providing capital subsidies to local government to address the electrification backlog of occupied residential dwellings, the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply.

Finance Management Grant (FMG) (DoRA)

Balance unspent at beginning of year	-	938,998	-	938,998
Current-year receipts	5,000,000	5,250,000	5,000,000	5,250,000
Conditions met - transferred to revenue	(4,529,834)	(5,438,998)	(4,529,834)	(5,438,998)
Returned	-	(750,000)	-	(750,000)
	470,166	**-**	**470,166**	**-**

Conditions still to be met - remain liabilities (see note 11)

The balance consists of the unspent portion of the 2012/13 financial year to date and the balance has already been committed to projects in the 2013/14 financial year.

An amount of R750 000 relating to the previous year was returned to National Treasury during 2011/12.

The purpose of this grant was to promote support reforms in financial management by building capacity in local government to implement the Local Government: Municipal Finance Management Act (MFMA). As part of strengthening financial and asset management in local government the grant provides funding for water and energy internship program to graduates in selected ward boards and local government.

Restructuring grant (DoRA)

Balance unspent at beginning of year	-	11,479,345	-	11,479,345
Prior year restatements	-	91,655	-	91,655
Returned	-	(11,571,000)	-	(11,571,000)
	-	**-**	**-**	**-**

Conditions still to be met - remain liabilities (see note 11)

An amount of R11 571 000 relating to the previous year was returned to National Treasury during 2011/12.

This grant is funded by National Treasury to assist Local Government Pilot Municipalities with Institutional Financial and Economic restructuring in line with the City Development Strategy, which is aligned to the National Government's Development Strategy.

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

27. Government grants, subsidies, awards & donations (continued)

Housing Grants (Provincial)

Balance unspent at beginning of year	93,758,781	40,571,990	93,758,781	40,571,990
Current-year receipts	30,043,380	184,711,560	30,043,380	184,711,560
Conditions met - transferred to revenue	(101,668,679)	(131,524,769)	(101,668,679)	(131,524,769)
Transfers	48,553,230	-	48,553,230	-
	70,686,712	**93,758,781**	**70,686,712**	**93,758,781**

Conditions still to be met - remain liabilities (see note 11)

The balance consists of amounts received in advance for the 2013/14 financial year.

Government approved a comprehensive housing strategy to speed up housing delivery and develop sustainable human settlements. The Gauteng Department of Housing approve housing subsidies and projects and provide support to local government for housing development. Local government are responsible for the provision and ongoing operation of associated bulk and distribution infrastructure and services, such as water, sanitation, roads and in many cases electricity.

Urban Settlement Development Grant (USDG) (previously MIG) (DoRA)

Balance unspent at beginning of year	10,117,921	-	10,117,921	-
Current-year receipts	1,051,070,000	891,081,000	1,051,070,000	891,081,000
Conditions met - transferred to revenue	(1,061,187,921)	(880,963,079)	(1,061,187,921)	(880,963,079)
	-	**10,117,921**	**-**	**10,117,921**

Conditions still to be met - remain liabilities (see note 11)

Request for roll over of the balance of 2011/12 was approved by National Treasury.

The grant is intended to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities. No funds have been withheld.

Public Transport Infrastructure System Grant (PTIS) (DoRA)

Balance unspent at beginning of year	137,609,647	282,319,532	137,609,647	282,319,532
Current-year receipts	748,702,000	200,000,000	748,702,000	200,000,000
Conditions met - transferred to revenue	(870,777,477)	(162,389,885)	(870,777,477)	(162,389,885)
Returned to National Treasury	-	(182,320,000)	-	(182,320,000)
	15,534,170	**137,609,647**	**15,534,170**	**137,609,647**

Conditions still to be met - remain liabilities (see note 11)

The balance consists of the unspent portion of the 2013/14 financial year to date. A request for roll-over has been submitted to National Treasury.

An amount of R182 320 000 relating to previous years has already been returned to National Treasury during 2011/12.

The purpose of this grant is to provide for accelerated planning, construction and improvement of public and non-motorised transport networks.

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

27. Government grants, subsidies, awards & donations (continued)

HIV and AIDS (Provincial Health Department)(Provincial)

Balance unspent at beginning of year	89,650	303,052	89,650	303,052
Current-year receipts	9,908,000	5,097,000	9,908,000	5,097,000
Conditions met - transferred to revenue	(5,796,673)	(5,310,402)	(5,796,673)	(5,310,402)
	4,200,977	**89,650**	**4,200,977**	**89,650**

Conditions still to be met - remain liabilities (see note 11)

A request was submitted by the department for the roll forward of the unspent portion of the subsidy at year end as the payments have already been committed in the next financial year.

The purpose of this grant is to sustain and extend coverage of the ward based door to door education program with referrals to local services; to build communities and support and utilise local services appropriately and to support wards structures to address AIDS in the local community.

2010 Host Cities (DoRA)

Balance unspent at beginning of year	-	2,125,801	-	2,125,801
Conditions met - transferred to revenue	-	(5,500)	-	(5,500)
Transfers	-	(2,120,301)	-	(2,120,301)
	-	**-**	**-**	**-**

Conditions still to be met - remain liabilities (see note 11)

This grant was received for the expenditures of the 2010 World Cup Soccer Host Cities.

Neighbourhood Development Programme (DoRA)

Balance unspent at beginning of year	34,017,099	381,813	34,017,099	381,813
Current-year receipts	152,000,000	82,000,000	152,000,000	82,000,000
Conditions met - transferred to revenue	(183,447,389)	(48,304,204)	(183,447,389)	(48,304,204)
Transfers	-	(60,510)	-	(60,510)
Returned to National Treasury	(382,000)	-	(382,000)	-
	2,187,710	**34,017,099**	**2,187,710**	**34,017,099**

Conditions still to be met - remain liabilities (see note 11).

The balance consists of the unspent portion of the 2012/13 financial year to date. A request was submitted for the roll forward of the unspent portion at year end as the projects have already been committed in the next financial year.

An amount of R382 000 has been returned to National Treasury during 2012/13.

The purpose of this grant is to support neighbourhood development projects that provide community infrastructure and create the platform for other public and private sector development towards improving the quality of life of residents in targeted under served neighbourhoods (townships generally).

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

27. Government grants, subsidies, awards & donations (continued)

Community Library Services (Provincial Department of Sport, Arts, Culture and Recreation)

Balance unspent at beginning of year	4,429,968	1,673,147	4,429,968	1,673,147
Current-year receipts	5,190,000	12,700,000	5,190,000	12,700,000
Conditions met - transferred to revenue	(7,167,375)	(9,943,179)	(7,167,375)	(9,943,179)
Transfers	300,000	-	300,000	-
	2,752,593	**4,429,968**	**2,752,593**	**4,429,968**

Conditions still to be met - remain liabilities (see note 11).

The balance consists of the unspent portion of the 2012/13 financial year to date. A request was submitted for the roll forward of the unspent portion at year end as the projects have already been committed in the next financial year.

The purpose of the grant is to have transformed urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised program at provincial and local government level and to provide the best possible sport and recreation facilities and service to all people in Tshwane to enhance their quality of life.

Local Economic Development (Provincial)

Balance unspent at beginning of year	8,750,000	8,750,000	8,750,000	8,750,000

Conditions still to be met - remain liabilities (see note 11).

The balance consist of the unspent portion of 2010/11.

The purpose of the grant is in support of the urban renewal programme. An assessment has been undertaken on the requirements and a scope exercise conducted looking at the viability of current projects which the department is undertaking in other townships. The grant could not be utilised in the 2012/13 financial year as the agreement was not yet signed.

Gautrans job creation (DoRA)

Balance unspent at beginning of year	1,408,211	1,408,211	1,408,211	1,408,211
Conditions met - transferred to revenue	(1,337,104)	-	(1,337,104)	-
	71,107	**1,408,211**	**71,107**	**1,408,211**

Conditions still to be met - remain liabilities (see note 11).

The balance consists of funds from the previous financial year, a request was received from the relevant Department for the rollover of the balance.

Expanded Public Works Programme(EPWP) (DoRA)

Current-year receipts	10,151,000	-	10,151,000	-
Conditions met - transferred to revenue	(5,726,394)	-	(5,726,394)	-
	4,424,606	**-**	**4,424,606**	**-**

Conditions still to be met - remain liabilities (see note 11).

The balance consists of the unspent portion of the 2012/13 financial year to date.

The purpose of this grant was to encourage local authorities and provincial departments to increase job creation efforts in infrastructure, environment and culture programs through the use of labour-intensive methods and the expansion of job creation in line with the Expanded Public Works Program guidelines.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R

27. Government grants, subsidies, awards & donations (continued)

Sandspruit Works Association grants

Balance unspent at beginning of year	1,853,016	2,291,501	-	-
Current-year receipts	1,800,255	704,934	-	-
Conditions met - transferred to revenue	(2,489,029)	(1,143,419)	-	-
	1,164,242	**1,853,016**	**-**	**-**

Conditions still to be met - remain liabilities (see note 11).

The above amounts consist of the New Meter and repeat offenders project and the Housing project of Sandspruit Works Association. These funds will be utilised in the following financial year.

Blue IQ

Balance unspent at beginning of year	24,998,876	39,998,820	24,998,876	39,998,820
Conditions met - transferred to revenue	(12,999,757)	(14,999,944)	(12,999,757)	(14,999,944)
	11,999,119	**24,998,876**	**11,999,119**	**24,998,876**

Conditions still to be met - remain liabilities (see note 11).

This amount was received in advance and will be ring-fenced until the project has been finalised.

This amount was received with the purpose of ring-fencing a contribution towards bulk contributions for electricity infrastructure supply.

LG SETA Merit awards

Balance unspent at beginning of year	-	5,625	-	5,625
Transfers	-	(5,625)	-	(5,625)
	-	**-**	**-**	**-**

Conditions still to be met - remain liabilities (see note 11).

This money is an award for skills development. The purpose is to strengthen the group's capacity in relation to skills development for the purpose of training the Skills Development Facilitator or employees within the Human Resources/Skills Development Department or to enhance the capacity of the Training Committee.

Public Works

Current-year receipts	-	930,000	-	930,000
Conditions met - transferred to revenue	-	(928,490)	-	(928,490)
Transfers	-	(1,510)	-	(1,510)
	-	**-**	**-**	**-**

Conditions still to be met - remain liabilities (see note 11).

The grant was received from Public Works for the repair of the Basden Street sinkhole.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

27. Government grants, subsidies, awards & donations (continued)

Sport and Recreation

Balance unspent at beginning of year	515,977	515,977	515,977	515,977
Current-year receipts	-	21,000,000	-	21,000,000
Conditions met - transferred to revenue	(443,360)	(21,000,000)	(443,360)	(21,000,000)
	72,617	**515,977**	**72,617**	**515,977**

Conditions still to be met - remain liabilities (see note 11).

The department will request for a roll over of the balance to be utilised in the 2012/13 financial year.

This amount was received during 2010/11 for the HM Pitje Stadium.

Drakensberg Promotions

Current-year receipts	-	132,529	-	132,529
Conditions met - transferred to revenue	-	(94,250)	-	(94,250)
Transfers	-	(38,279)	-	(38,279)
	-	**-**	**-**	**-**

Conditions still to be met - remain liabilities (see note 11).

These funds are a donation for the development density programme in the Northern Areas.

Performance Management (DPLG) (DoRA)

Balance unspent at beginning of year	268,665	-	268,665	-
Current-year receipts	-	1,500,000	-	1,500,000
Conditions met - transferred to revenue	-	(1,231,335)	-	(1,231,335)
	268,665	**268,665**	**268,665**	**268,665**

Conditions still to be met - remain liabilities (see note 11).

These funds were received to provide funding for the upgrading of the group's performance management system, the quality performance result system and the enterprise project management system to include the newly merged municipalities.

Electricity Demand Side

Balance unspent at beginning of year	29,523	2,531,158	29,523	2,531,158
Current-year receipts	11,000,000	44,000,000	11,000,000	44,000,000
Conditions met - transferred to revenue	(10,622,559)	(46,501,635)	(10,622,559)	(46,501,635)
	406,964	**29,523**	**406,964**	**29,523**

Conditions still to be met - remain liabilities (see note 11).

The department has requested a roll over of the unspent portion from Department Mineral and Energy and National Treasury.

The purpose of this grant is to provide subsidies to local government to implement Electricity Demand Side Management (EDSM) in municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

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	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R

27. Government grants, subsidies, awards & donations (continued)

Revenue Enhancement

Current-year receipts	3,500,000	-	3,500,000	-

Conditions still to be met - remain liabilities (see note 11).

This once off allocation was received from the Department of Local Government to assist with revenue enhancement programmes.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

28. Other income

Market fees	112,883,363	97,750,161	112,883,363	97,750,161
Land sales	7,860,281	1,493,912	7,860,281	1,493,912
Sale of unusable stock	10,047,163	2,997,043	10,047,163	2,997,043
Drain cleaning fees	1,117,468	1,170,355	1,117,468	1,170,355
AARTO fines	33,710,463	47,790,991	33,710,463	47,790,991
Interest on property sales	615,840	263,223	615,840	263,223
Donated:Assets	16,800	84,000	16,800	84,000
Dumping fees	189,554	493,382	189,554	493,382
Building plan fees	35,693,850	25,806,907	35,693,850	25,806,907
Income from grave services	6,020,299	5,202,005	6,020,299	5,202,005
Refund: Motor vehicles licences	71,303,680	66,927,537	71,303,680	66,927,537
Training fees recovered	22,099,298	25,686,003	22,099,298	25,686,003
Newly identified assets	27,314,221	12,981,218	27,314,221	12,981,218
Insurance claims	52,765,427	42,151,721	52,765,427	42,151,721
Bontle ke Botho award	684,388	353,135	684,388	353,135
Sundry fees	8,961,096	8,253,607	4,847,419	6,414,720
Airside income	3,710,240	4,515,991	3,710,240	4,515,991
Ambulance fees	1,981,669	5,566,923	1,981,669	5,566,923
Reminder fees	32,204,098	39,350,729	32,204,098	39,350,729
Discount on prompt payments	919,256	453,486	919,256	453,486
Approval fees: advertisements	29,495,569	39,272,765	29,495,569	39,272,765
Tshwane Inner City	14,051,324	19,233,473	14,051,324	19,233,473
Cemetery fees	4,737,777	4,741,446	4,737,777	4,741,446
Application fees	4,072,543	2,658,843	4,072,543	2,658,843
Income fom bulk containers	124,638	405	124,638	405
Sales: Aeroplane fuel	34,279,365	34,439,614	34,279,365	34,439,614
Transport fees	33,360,990	43,509,528	33,360,990	43,509,528
Miscellaneous	119,626,764	96,459,537	119,626,764	96,459,537
	669,847,424	**629,607,940**	**665,733,747**	**627,769,053**

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R

29. Employee related costs

Salaries and wages	3,541,158,820	3,227,680,510	3,480,674,930	3,170,328,807
Bonus	507,034	-	-	-
Medical aid contributions	283,299,567	259,663,879	276,214,189	253,309,926
UIF	27,899,812	24,339,510	27,501,556	23,971,510
Leave pay provision charge	830,479	2,518,592	-	-
Pension fund contributions	663,720,487	527,133,670	655,805,420	519,602,678
Travel, motor car, subsistence and other allowances	258,511,544	246,704,278	258,511,544	246,704,278
Overtime payments	270,646,423	302,506,855	270,646,423	302,506,855
Long-service awards	7,530,022	7,975,137	7,530,022	7,975,137
Incentive bonusses	299,074	474,808	299,074	474,808
Other allowances	195,810,202	165,837,100	194,525,479	165,170,313
Housing benefits and allowances	23,379,889	22,584,849	22,624,247	21,984,094
Compensation commissioner (COIDA)	31,370,195	27,866,081	31,370,195	27,866,081
	5,304,963,548	**4,815,285,269**	**5,225,703,079**	**4,739,894,487**

Remuneration of City Manager

Annual Remuneration	2,669,156	1,750,000	2,669,156	1,750,000
Cell phone allowance	24,000	24,000	24,000	24,000
Non pension allowance	-	750,000	-	750,000
Other	858	-	858	-
	2,694,014	**2,524,000**	**2,694,014**	**2,524,000**

Remuneration of Deputy City Managers

Annual Remuneration	7,590,764	5,129,727	7,590,764	5,129,727
Travel allowance	648,000	648,000	648,000	648,000
Cell phone allowance	86,400	86,400	86,400	86,400
Non pension allowance	-	1,329,585	-	1,329,585
Other	85,475	-	85,475	-
	8,410,639	**7,193,712**	**8,410,639**	**7,193,712**

There are 4 Deputy City Managers appointed during 2011/12 which relate to the above figures.

Remuneration of Chief Financial Officer

Annual Remuneration	3,368,911	2,270,652	1,762,283	1,155,000
Car Allowance	60,000	60,000	60,000	60,000
Bonus and performance related payments	165,288	350,590	-	-
Contributions to UIF, Medical and Pension Funds	155,685	178,062	-	39,338
Cell phone allowance	21,600	21,600	21,600	21,600
Non pension allowance	-	395,662	-	395,662
Other	79,178	67,060	1,430	-
	3,850,662	**3,343,626**	**1,845,313**	**1,671,600**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R

29. Employee related costs (continued)

Remuneration: Strategic Executive Directors reporting to the City Manager

Annual Remuneration	17,842,647	12,047,392	15,769,633	9,791,852
Car Allowance	1,223,893	1,730,400	1,223,893	1,730,400
Bonus and performance related payments	138,840	131,779	-	-
Contributions to UIF, Medical and Pension Funds	414,474	1,347,288	-	880,989
Cell phone allowance	228,436	204,000	228,436	204,000
Non pension allowance	-	2,348,721	-	2,348,721
Other	608,117	169,539	101,173	-
	20,456,407	**17,979,119**	**17,323,135**	**14,955,962**

Remuneration: Strategic Executive Directors reporting to the Deputy City Managers

Annual Remuneration	14,524,202	-	14,524,202	-
Car Allowance	1,073,800	-	1,073,800	-
Cell phone allowance	214,200	-	214,200	-
Other	305,169	-	305,169	-
	16,117,371	**-**	**16,117,371**	**-**

Remuneration: Technical services

Annual Remuneration	4,643,464	2,639,714	4,067,963	2,039,688
Car Allowance	490,636	1,128,000	490,636	1,128,000
Bonus and performance related payments	38,185	35,521	-	-
Contributions to UIF, Medical and Pension Funds	158,997	246,953	-	102,264
Cell phone allowances	57,436	43,200	57,436	43,200
Non pension allowance	-	421,488	-	421,488
Other	184,808	58,633	15,523	-
	5,573,526	**4,573,509**	**4,631,558**	**3,734,640**

Remuneration: Corporate Services

Annual Remuneration	22,407,663	2,652,902	20,910,150	997,388
Car Allowance	1,652,057	96,000	1,652,057	96,000
Bonus and performance related payments	100,655	96,258	-	-
Contributions to UIF, Medical and Pension Funds	255,477	345,442	-	23,832
Cell phone allowances	304,200	21,600	304,200	21,600
Non pension allowance	-	307,620	-	307,620
Other	508,682	110,906	171,023	-
	25,228,734	**3,630,728**	**23,037,430**	**1,446,440**

Remuneration: Community Services

Annual Remuneration	5,315,722	6,754,776	5,315,722	6,754,776
Car Allowance	155,000	506,400	155,000	506,400
Contribution to UIF, Medical and Pension Funds	-	754,893	-	754,893
Cell phone allowances	81,000	139,200	81,000	139,200
Non pension allowance	-	1,619,613	-	1,619,613
Other	219,794	-	219,794	-
	5,771,516	**9,774,882**	**5,771,516**	**9,774,882**

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	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R

29. Employee related costs (continued)

Chief Executive Officer - municipal entities

Annual Remuneration	3,543,999	2,509,856	-	-
Bonus and performance related payments	118,720	-	-	-
Pension fund contributions	377,828	-	-	-
Other	261,417	112,044	-	-
	4,301,964	**2,621,900**	**-**	**-**

Directors - municipal entities

Non-executive directors: Board fees	2,979,796	684,388	-	-

30. Remuneration of councillors

Executive Mayor's allowance	-	44,466	-	44,466
Councillors' allowances	90,229,586	60,436,125	90,229,586	60,436,125
Councillors' pension contribution	-	24,658	-	24,658
Travelling allowance	69,340	28,944,567	69,340	28,944,567
Councillor's housing allowance	2,274,368	2,003,554	2,274,368	2,003,554
	92,573,294	**91,453,370**	**92,573,294**	**91,453,370**

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the group.

According to the organisational structure of the parent the Sub-section Executive Mayor Protection has 7 staff members of which 5 are VIP protection officers.

31. Depreciation and amortisation

Depreciation: Property, plant & equipment	994,494,464	908,902,940	992,211,805	906,157,933
Depreciation: Leased assets	93,071,504	108,856,080	93,071,504	108,856,080
Depreciation: Rehabilitation assets	15,555,192	15,479,502	15,555,192	15,479,502
	1,103,121,160	**1,033,238,522**	**1,100,838,501**	**1,030,493,515**

32. Finance costs

Long-term liabilities (external loans)	613,076,566	540,163,399	612,612,933	539,657,344
Interest rate swaps	18,323,257	-	18,323,257	-
Finance leases	22,187,305	34,048,958	22,187,305	34,048,958
Bank overdraft	2,457,207	4,475,149	2,066,013	4,116,643
Other finance costs (Bank charges, transit banking, etc)	59,836,592	33,199,718	59,836,592	33,199,718
Amortisation: provisions	24,393,852	21,328,128	24,393,852	21,328,128
	740,274,779	**633,215,352**	**739,419,952**	**632,350,791**

33. Investment revenue

Interest revenue (interest received)				
Bank	14,967,352	8,953,289	14,941,306	8,953,289
Investments	18,896,344	5,639,381	18,330,910	4,890,652
Long-term investments	25,053,648	31,472,505	25,053,648	31,472,505
Contingency Insurance	3,910,664	6,868,654	3,910,664	6,868,654
	62,828,008	**52,933,829**	**62,236,528**	**52,185,100**

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R
34. Debt impairment				
Contributions to bad debt provision	810,832,622	765,704,853	784,467,969	718,752,441
Amounts written off	140,786,714	138,244,917	89,835,947	102,462,627
	951,619,336	**903,949,770**	**874,303,916**	**821,215,068**
35. Bulk purchases				
Electricity	5,551,631,193	5,140,057,894	5,554,222,722	5,142,633,005
Water	1,143,780,213	1,032,062,445	1,238,831,841	1,116,142,163
	6,695,411,406	**6,172,120,339**	**6,793,054,563**	**6,258,775,168**
36. Grants and subsidies paid				
Other subsidies				
Grants-In-Aid: Property Rates	17,290,290	21,495,798	17,290,290	21,495,798

The grant-in-aid is in respect of the funding of Non-Governmental Organisation involved in empowerment programs for the following vulnerable groups: youth, children, women, people with disabilities and the elderly.

The City of Tshwane has by way of majority decision awarded a grant-in-aid on the assessment rates of rateable properties on the classes referred to in section 32A of the Local Authorities Rating Ordinance, 1977 (Ordinance 11 of 1977), after the owner of such property has applied to the municipality in writing, for such grant-in-aid.

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Notes to the Consolidated Annual Financial Statements

37. General expenses

	Group 2013 R	Group 2012 Restated R	Municipality 2013 R	Municipality 2012 Restated R
Consumables	19,126,442	14,878,440	19,126,442	14,878,440
Heating fuel	13,802,364	14,108,859	13,802,364	14,108,859
Auditors remuneration	24,903,034	21,061,228	23,291,888	19,995,426
Commission paid	24,682,525	-	24,682,525	-
Professional service	15,724,414	2,994,269	15,724,414	2,994,269
Cleaning services	22,782,154	20,493,058	21,644,099	19,392,322
Lease expense reclassification	(117,000,229)	(164,033,680)	(117,000,229)	(164,033,680)
Protective clothing	16,192,222	25,260,261	15,905,689	24,805,335
Chemicals	30,164,459	25,579,479	30,164,459	25,579,479
Gratuities	18,189,147	14,469,945	18,189,147	14,469,945
Rental of plant and equipment	279,887,284	331,160,498	279,887,284	331,160,498
Refreshments meetings	15,156,394	2,526,420	15,156,394	2,526,420
Insurance	92,690,312	70,013,035	91,684,871	69,027,136
LED initiatives	18,833,159	-	18,833,159	-
Imbizo	16,357,714	3,915,634	16,357,714	3,915,634
End user support	25,138,984	20,171,013	25,138,984	20,171,013
Implementation: OITPS	66,794,759	59,850,386	66,794,759	59,850,386
Postage	19,861,017	18,226,227	19,861,017	18,226,227
Lease rentals on operating lease	5,374,581	5,720,752	-	-
USDG grant expenditure	48,317,310	3,060,239	48,317,310	3,060,239
Leasing of property	167,187,275	161,444,351	167,187,275	161,444,351
Advertising and marketing	15,169,055	18,224,237	14,127,399	17,570,687
Post employment benefit expenses	167,731,022	54,439,588	167,731,022	54,439,588
Consultant fees	38,958,304	34,307,415	33,987,479	31,321,368
Private sector labour	32,412,877	42,815,923	32,412,877	42,815,923
Electricity disconnections	30,643,161	38,376,184	30,643,161	38,376,184
Telecommunication	90,446,245	122,779,890	88,985,697	121,497,273
Service providers	14,054,046	77,099,963	163,416,231	150,421,448
Project linked housing	45,363,566	93,056,868	45,363,566	93,056,868
Special projects	494,927	30,425,093	494,927	30,425,093
Leased vehicles (VAT)	112,139,118	162,442,883	112,139,118	162,442,883
Coal	86,612,553	209,885,226	86,612,553	209,885,226
EPWP: Job creation	83,896,475	29,191,304	83,896,475	29,191,304
Management information	33,308,762	20,124,441	33,308,762	20,124,441
Subsistance and travelling	15,411,939	197,245	15,133,943	143,778
Formalisation: Informal sector	51,248,798	33,648,095	51,248,798	33,648,095
Medical aid fund	47,644,760	43,612,405	47,644,760	43,612,405
Water care: Private	44,236,069	39,457,339	44,236,069	39,457,339
Locomotion allowance	22,341,014	20,464,804	22,341,014	20,464,804
Household refuse removal	211,498,713	148,380,058	211,498,713	148,380,058
Rental vehicles - vatable	63,201,339	47,894,549	63,201,339	47,894,549
Tanker water services	28,242,459	32,912,773	28,242,459	32,912,773
CCTV	26,484,889	26,232,790	26,484,889	26,232,790
Petrol and diesel fuel	220,935,326	199,239,481	220,935,326	199,239,481
Prepaid Electricity Commission	7,340,359	17,811,447	7,340,359	17,811,447
Legal costs	25,615,372	32,208,563	25,571,498	32,143,605
Licences	46,229,813	31,862,511	46,228,673	31,862,511
Stationery	24,001,161	25,857,840	23,275,333	25,458,688
Topstructure toilets	13,240,000	10,959,204	13,240,000	10,959,204
PTIS grant expenditure	38,179,260	3,644,603	38,179,260	3,644,603
Tshwane House	48,625,934	-	48,625,934	-
Tshwane Inner City	9,043,142	19,233,473	9,043,142	19,233,473
Internet fees	18,998,337	27,281,451	18,998,337	27,281,451
Training board fees	43,171,324	38,348,260	43,171,324	38,348,260
Newly identified assets	(97,914,663)	-	(97,914,663)	-
Events management	86,967,754	161,838	86,967,754	161,838
Watchmen services	254,567,558	221,508,745	247,244,579	216,904,432
Other expenses	370,287,328	145,620,431	340,205,542	144,863,871
	3,194,993,417	**2,750,607,334**	**3,289,013,214**	**2,803,800,040**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R

38. Cash generated from operations

	Group 2013 R	Group 2012 Restated R	Municipality 2013 R	Municipality 2012 Restated R
Surplus	1,909,987,522	1,974,195,741	1,887,398,869	1,981,003,031
Adjustments for:				
Depreciation and amortisation	1,103,121,160	1,033,238,522	1,100,838,501	1,030,493,515
(Loss) /gain on sale of assets and liabilities	268,847,768	82,522,739	268,585,708	82,522,739
Fair value adjustments	(79,227,638)	264,454	(81,898,475)	264,454
Impairment deficit	4,818,771	29,807,842	4,818,771	29,807,842
Debt impairment	951,619,336	903,949,770	874,303,916	821,215,068
Movements in operating lease assets and accruals	(2,357,215)	(5,014,175)	(2,138,855)	(5,422,602)
Movements in retirement benefit assets and liabilities	167,731,022	88,157,754	167,731,022	88,157,754
Movements in provisions	25,120,585	20,803,351	26,731,373	20,462,561
Annual charge for deferred tax	(824,863)	-	-	-
Changes in working capital:				
Inventories	15,223,369	(88,488,332)	15,477,405	(88,075,876)
Other debtors	76,481,723	(237,805,007)	80,139,402	(130,475,539)
Consumer debtors	(1,342,314,514)	(1,061,794,894)	(1,256,116,165)	(997,870,280)
Payables from exchange transactions	501,884,970	1,210,894,020	496,066,832	1,123,371,125
VAT	(189,859,733)	121,832,042	(189,869,476)	126,821,697
Unspent grants and receipts	(193,169,219)	(78,307,382)	(192,480,445)	(77,868,897)
Consumer deposits	14,716,396	47,336,264	14,307,273	47,012,428
	3,231,799,440	**4,041,592,709**	**3,213,895,656**	**4,051,419,020**

39. Utilisation of Long-term liabilities reconciliation

	Group 2013 R	Group 2012 Restated R	Municipality 2013 R	Municipality 2012 Restated R
Long-term liabilities raised	8,302,036,464	6,434,887,866	8,298,916,153	6,431,452,172
Used to finance property, plant and equipment	(11,434,293,125)	(9,877,323,224)	(11,425,473,034)	(9,873,888,530)
	(3,132,256,661)	(3,442,435,358)	(3,126,556,881)	(3,442,436,358)
Cash set aside for the repayment of long-term liabilities	(310,310,086)	(282,571,456)	(310,310,086)	(282,571,456)
	(3,442,566,747)	**(3,725,006,814)**	**(3,436,866,967)**	**(3,725,007,814)**

Long-term liabilities have been utilized in accordance with the Local Government: Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

40. Additional disclosure in terms of the Local Government: Municipal Finance Management Act

Contributions to organised local government

	Group 2013 R	Group 2012 Restated R	Municipality 2013 R	Municipality 2012 Restated R
Current year subscription / fee	2,833,516	1,861,602	2,833,516	1,861,602
Amount paid - current year	(2,833,516)	(1,861,602)	(2,833,516)	(1,861,602)
	-	-	-	-

Audit fees

	Group 2013 R	Group 2012 Restated R	Municipality 2013 R	Municipality 2012 Restated R
Opening balance	-	951,750	-	951,750
Current year audit fee	29,527,652	26,401,686	26,963,247	24,753,877
Amount paid - current year	(29,527,652)	(26,401,686)	(26,963,247)	(24,753,877)
Amount paid - previous years	-	(951,750)	-	(951,750)
	-	-	-	-

The balance of the previous financial year was paid in the following financial year.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

40. Additional disclosure in terms of the Local Government: Municipal Finance Management Act (continued)

PAYE and UIF

Opening balance	57,010,214	51,815,751	56,167,453	51,166,441
Current year payroll deductions	733,723,985	68,104,374	721,058,752	670,062,489
Amount paid - current year	(667,086,244)	(624,033,529)	(656,421,458)	(613,895,036)
Amount paid - previous years	(57,010,214)	(51,815,751)	(56,167,453)	(51,166,441)
	66,637,741	**(555,929,155)**	**64,637,294**	**56,167,453**

Pension and Medical Aid Deductions

Opening balance	1,832	-	-	-
Current year payroll deductions and council contributions	1,380,863,606	1,161,084,141	1,368,280,008	1,150,295,107
Amount paid - current year	(1,380,762,567)	(1,161,082,309)	(1,368,280,008)	(1,150,295,107)
	102,871	**1,832**	**-**	**-**

Councillors' arrear consumer accounts

The under mentioned Councillors had arrear accounts outstanding as at 30 June 2013.

These councillors have made arrangements to pay off their arrear debt

30 June 2013	Less than 90 days	More than 90 days	Total R
Boshomane M J	2,048	472	2,520
Buthelezi M M #	-	12,260	12,260
Campbell A W #	1,761	1,929	3,690
Joosub U #	-	6,869	6,869
Keun A J	51	4,228	4,279
Mabelane V P	409	35	444
Mabelane V P	3,209	57,271	60,480
Mathebe M R #	2,551	629	3,180
Mathebe R K	145	48	193
Matsena M M #	-	4,693	4,693
Matjila M G	6,469	12,576	19,045
Mohlala R J B	2,479	219	2,698
Ndlovana A A	1,876	675	2,551
Ngwenya C B #	-	1,392	1,392
Phala P M	4,179	14,840	19,019
Thobejane H S	-	8,771	8,771
	25,177	**126,907**	**152,084**

40. Additional disclosure in terms of the Local Government: Municipal Finance Management Act (continued)

30 June 2012	Less than 90 days	More than 90 days	Total R
Joosub U #	-	28,614	28,614
Campbell A W #	-	2,286	2,286
Singh S #	1,388	6,171	7,559
Makitla N B #	-	6,163	6,163
Makeke D V & N P	3,152	25,176	28,328
Nkosi W M S	533	4,506	5,039
Marema M P	4,993	73,702	78,695
Matsena M M #	2,089	21,647	23,736
Mathebe M R #	-	4,785	4,785
Katake N S	327	546	873
Nemuthenga L N	501	3,545	4,046
Morudu M T & M G #	788	9,519	10,307
Marotola	376	1,530	1,906
Buthelezi F K & N L E	-	16,749	16,749
Maila K P & V H S	-	6,667	6,667
Makgatho & Bofu A L & J T	248	435	683
Thobejane H S	653	18,883	19,536
Boshoff C H	3,933	4,908	8,841
Wannenburg D G	2,512	2,557	5,069
	21,493	**238,389**	**259,882**

These councillors made arrangements to pay off their arrear debt.

41. Non-compliance with applicable legislation

Local Government: Municipal Finance Management Act: Section 71

TEDA: The enity did not submit monthly financial statements to the City of Tshwane Metropolitan Municipality for the period July 2012 to February 2013 as the management of TEDA was only established after February 2013.

Local Government: Municipal Finance Management Act: Section 65(e) and Section 99(2)(b)

All invoices are not paid within 30 days as required by section 65(e), although an accrual is done at year end to rectify this transgression.

Local Government: Municipal Finance Management Act: Section 87

TEDA: The enity did not submit it's budget to the City of Tshwane Metropolitan Municipality within 150 days as the management of TEDA was only established after February 2013.

Local Government: Municipal Systems Act: Section 5A(1) and 5A(2)

All employees did not declare their interest in terms of section 5A(1) and 5A(2) of the code of conduct for municipal staff members as promulgated by schedule 2 of the Local Government: Municipal Systems Act.

Supply Chain Management Regulations

In terms of Supply Chain Management Regulation 44 awards may not be made to a person who is in service of the state. Awards were made by the group to persons who are in the service of the state.

City of Tshwane Metropolitan Municipality
Consolidated Annual Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R

42. Commitments (only applicable to municipality)

Authorised capital expenditure

Approved and contracted for				
• Infrastructure	3,128,537,287	3,262,603,977	3,128,537,287	3,262,603,977
• Community	686,869,128	444,150,806	686,869,128	444,150,806
• Other	354,750,000	423,114,000	354,750,000	423,114,000
• Housing	25,200,000	25,955,044	25,200,000	25,955,044
	4,195,356,415	**4,155,823,827**	**4,195,356,415**	**4,155,823,827**
Approved but not yet contracted for				
• Infrastructure	117,400,000	68,172,072	117,400,000	68,172,072
• Community	25,400,000	80,700,000	25,400,000	80,700,000
• Other	7,100,000	48,351,000	7,100,000	48,351,000
	149,900,000	**197,223,072**	**149,900,000**	**197,223,072**
	4,345,256,415	**4,353,046,899**	**4,345,256,415**	**4,353,046,899**
This expenditure will be financed from:				
Council funding	501,895,446	637,383,777	501,895,446	637,383,777
Borrowings	1,600,000,000	1,640,000,000	1,600,000,000	1,640,000,000
Other contributions	12,000,000	14,355,044	12,000,000	14,355,044
FMG (Financial Management Grant)	500,000	500,000	500,000	500,000
CLS (Community Library Services)	1,000,000	2,300,000	1,000,000	2,300,000
Public Contributions and Donations	95,900,000	88,571,223	95,900,000	88,571,223
EPWP Incentive (Expanded Public Works Programme)	-	10,151,000	-	10,151,000
Capital replacement reserve	50,422,000	63,260,000	50,422,000	63,260,000
DWA - Department of Water Affairs	14,000,000	-	14,000,000	-
Human Settlements Development Grant (Government Housing)	58,029,000	72,186,855	58,029,000	72,186,855
PTIS	595,398,969	738,702,000	595,398,969	738,702,000
Urban Settlements Development Grant	1,250,611,000	996,070,000	1,250,611,000	996,070,000
National Electrification Fund/INEP	65,000,000	300,000	65,000,000	30,000,000
Social Infrastructure grant	500,000	-	500,000	-
Neighbourhood Development Partnership Grant	100,000,000	59,567,000	100,000,000	59,567,000
	4,345,256,415	**4,323,346,899**	**4,345,256,415**	**4,353,046,899**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

43. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - Group - 2013

	Insurance reserve	COID reserve	Housing development fund	Other	Total
Opening balance	109,653,107	131,648,915	128,851,478	11,586,460,150	11,956,613,650
Net surplus for the year	-	-	-	1,909,987,522	1,909,987,522
Transfer to/(from) reserves	(51,489,463)	18,363,175	27,591,174	5,535,114	-
	58,163,644	**150,012,090**	**156,442,652**	**13,501,982,786**	**13,866,601,172**

Ring-fenced internal funds and reserves within accumulated surplus - Group - 2012

	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Donations and public contributions	Insurance reserve	COID reserve	Housing development fund	Other	Total
Opening balance	210,179,636	1,578,325,738	5,240,670,219	325,083,933	135,591,487	102,645,896	128,851,478	1,915,999,140	9,637,347,527
Prior year adjustments - prior 2011/12	-	-	-	-	-	-	-	293,418,036	293,418,036
Prior year adjustments - 2011/12	-	-	-	-	-	-	-	51,652,347	51,652,347
Net surplus for the year	-	-	-	-	-	-	-	1,974,195,740	1,974,195,740
Transfer reserves to accumulated surplus	(210,179,636)	(1,578,325,738)	(5,240,670,219)	(325,083,933)	-	-	-	7,354,259,526	-
Transfer to/(from) reserves	-	-	-	-	(25,938,380)	29,003,019	-	(3,064,639)	-
	-	**-**	**-**	**-**	**109,653,107**	**131,648,915**	**128,851,478**	**11,586,460,150**	**11,956,613,650**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

43. Accumulated surplus (continued)

Ring-fenced internal funds and reserves within accumulated surplus - Municipality - 2013

	Insurance reserve	COID reserve	Housing development fund	Accumulated surplus	Total
Opening balance	109,653,107	131,648,915	128,851,478	11,556,484,980	11,926,638,480
Net surplus for the year	-	-	-	1,887,398,869	1,887,398,869
Transfer to/(from reserves)	(51,489,463)	18,363,175	27,591,174	5,535,114	-
	58,163,644	**150,012,090**	**156,442,652**	**13,449,418,963**	**13,814,037,349**

Ring-fenced internal funds and reserves within accumulated surplus - Municipality - 2012

	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Donations and public contributions	Insurance reserve	COID reserve	Housing development fund	Accumulated surplus	Total
Opening balance	210,179,636	1,578,325,738	5,240,670,219	325,083,933	135,591,487	102,645,896	128,851,478	1,877,165,568	9,598,513,955
Prior year adjustments prior 2011/12	-	-	-	-	-	-	-	295,545,121	295,545,121
Prior year adjustments 2011/12	-	-	-	-	-	-	-	51,576,374	51,576,374
Net surplus for the year	-	-	-	-	-	-	-	1,981,003,030	1,981,003,030
Transfer reserve to accumulated surplus	(210,179,636)	(1,578,325,738)	(5,240,670,219)	(325,083,933)	-	-	-	7,354,259,526	-
Transfer to/(from) reserves	-	-	-	-	(25,938,380)	29,003,019	-	(3,064,639)	-
	-	**-**	**-**	**-**	**109,653,107**	**131,648,915**	**128,851,478**	**11,556,484,980**	**11,926,638,480**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

44. Employee benefit obligations

Pension funds

Most employees of the Municipality are members of one of the following funds and those who are not, are paid a lump-sum gratuity at retirement age. The Municipality's contributions to these funds are reflected as a charge against income in the financial statements.

Defined contribution plan (as classified by the relevant fund):

The Municipality contributes to the following defined contribution plans, which are governed by the Pension Fund Act of 1956. The total contributions are included under Employee related costs, Note 29).

Defined contribution plans: Sandspruit Works Association
Sandspruit Works Association has a defined contribution plan registered with Alexander Forbes Retirement Fund (Registration nr 12/8/34766). Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Tshwane Municipal Provident Fund/Tshwane Municipal Gratuity Fund 5 291 (29.9 %) of the Municipality's employees are members of this fund.	240,404,889	168,322,343	240,404,889	168,322,343
Pension Fund for Municipal Councillors: The Councillors of the City of Tshwane Metropolitan Municipality are members of this fund. 67 (0.38 %) of the Municipality's employees are members of this fund.	5,353,679	3,918,433	5,353,679	3,918,433
National Fund for Municipal Workers. 5 855 (33.09 %) of the Municipality's employees are members of this fund.	302,681,367	229,094,052	302,681,367	229,094,052
SALA Provident Fund/Gratuity Fund: 66 (0.37 %) of the Municipality's employees are members of this fund.	1,107,157	1,086,421	1,107,157	1,086,421
SAMWU National Pension Fund. 16 (0.09 %) of the Municipality's employees are members of this fund.	822,475	786,042	822,475	786,042
SAMWU National Provident Fund. 1 271 (7.18 %) of the Municipality's employees are members of this fund.	51,864,561	43,154,598	51,864,561	43,154,598
Germiston Municipal Retirement Fund 5 (0.03 %) of the Municipality's employees are a member of this fund.	461,209	423,354	461,209	423,354
Meshawu National Local Authorities Retirement Fund 44 (0.25 %) of the Municipality's employees are members of this fund.	1,510,170	1,494,483	1,510,170	1,494,483
Alexander Forbes Retirement Fund Sandspruit Works Association: defined contribution plan registered with Alexander Forbes Retirement Fund	4,664,425	4,448,154	-	-
	608,869,932	**452,727,880**	**604,205,507**	**448,279,726**

Defined contribution plan (as classified by the relevant funds):

Tshwane Municipal Pension Fund

The Consulting Actuaries reported that the Fund was in an unsound financial position with a funding level of 95% as at 31 December 2009. 297 (1.66%) of the Municipality's employees are members of this fund.

Included in general expenses are:				
Current service cost	25,479,640	25,564,438	25,479,640	25,564,438
Interest cost	57,987,791	62,559,247	57,987,791	62,559,247
Expected return on assets	(58,540,811)	(59,988,825)	(58,540,811)	(59,988,825)
Recognised Net (Gain)/Loss	(113,974,613)	(34,188,261)	(113,974,613)	(34,188,261)
Defined benefit expense	**(89,047,993)**	**(6,053,401)**	**(89,047,993)**	**(6,053,401)**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R

44. Employee benefit obligations (continued)

Present value of the obligation	(698,138,452)	(726,140,957)	(698,138,452)	(726,140,957)
Fair value of plan assets	694,097,951	616,219,065	694,097,951	616,219,065
Take-on of disestablished municipalities	-	(28,650,680)	-	(28,650,680)
Liability recognised in statement of financial position	**(4,040,501)**	**(138,572,572)**	**(4,040,501)**	**(138,572,572)**

Reconciliation of defined benefit obligation:				
Present value of obligation at beginning of year	726,140,957	721,072,962	726,140,957	721,072,962
Interest cost	57,987,791	62,559,247	57,987,791	62,559,247
Current service cost	25,479,640	25,564,438	25,479,640	25,564,438
Member contributions	6,444,434	6,781,774	6,444,434	6,781,774
Risk premiums	(2,072,986)	(2,181,498)	(2,072,986)	(2,181,498)
Actuarial (gain)/loss on obligation	(115,841,385)	(87,655,966)	(115,841,385)	(87,655,966)
Present value of obligation at end of year	**698,138,451**	**726,140,957**	**698,138,451**	**726,140,957**

Reconciliation of plan assets (None of the Municipality's own financial instruments or property are included in the fair value of plan assets)				
Fair value of plan assets at beginning of year	616,219,065	588,125,731	616,219,065	588,125,731
Expected return on plan assets	58,540,811	59,988,825	58,540,811	59,988,825
Contributions	23,277,832	23,753,713	23,277,832	23,753,713
Risk premiums	(2,072,986)	(2,181,498)	(2,072,986)	(2,181,498)
Actuarial (gain)/loss on obligation	(1,866,771)	(53,467,706)	(1,866,771)	(53,467,706)
Fair value of plan assets at end of year	**694,097,951**	**616,219,065**	**694,097,951**	**616,219,065**

Composition of plan assets:				
Cash	14.39 %	10.50 %	14.39 %	10.50 %
Equity	41.66 %	58.50 %	41.66 %	58.50 %
Bonds	12.89 %	16.70 %	12.89 %	16.70 %
Property	3.35 %	1.20 %	3.35 %	1.20 %
Other	1.52 %	1.00 %	1.52 %	1.00 %
International	26.19 %	12.10 %	26.19 %	12.10 %
Total	**100.00 %**	**100.00 %**	**100.00 %**	**100.00 %**

Actual return on plan assets	**56,674,040**	**6,521,026**	**56,674,040**	**6,521,026**

Estimated contributions to be paid to the Tshwane Pension fund in the next financial period	**23,204,687**	**23,843,713**	**23,204,687**	**23,843,713**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R

44. Employee benefit obligations (continued)

Municipal gratuity fund

Actuarial valuations are carried out every 2 years. 1 683 (9.51%) of the Municipality's employees are members of this fund. No specific plan assets are set aside for the Gratuity Fund. The interim actuarial valuation done at 30 June 2010 indicated that the fund was financially sound as at 30 June 2010.

	Group 2013 R	Group 2012 Restated R	Municipality 2013 R	Municipality 2012 Restated R
Included in general expenses are:				
Current service cost	3,983,980	4,446,790	3,983,980	4,446,790
Interest cost	5,725,560	7,815,575	5,725,560	7,815,575
Expected return on assets	(8,980,401)	(7,890,260)	(8,980,401)	(7,890,260)
Recognised Net (Gain)/Loss	(14,178,254)	(4,865,624)	(14,178,254)	(4,865,624)
Defined benefit expense	**(13,449,115)**	**(493,519)**	**(13,449,115)**	**(493,519)**

	Group 2013 R	Group 2012 Restated R	Municipality 2013 R	Municipality 2012 Restated R
Post-employment benefit liability (funded status)				
Present value of the obligation	(89,728,546)	(90,222,065)	(89,728,546)	(90,222,065)
Net (expense)/income recognised in Statement of financial performance	13,449,116	493,519	13,449,116	493,519
Liability recognised in statement of financial position	**(76,279,430)**	**(89,728,546)**	**(76,279,430)**	**(89,728,546)**

	Group 2013 R	Group 2012 Restated R	Municipality 2013 R	Municipality 2012 Restated R
Reconciliation of defined benefit obligation:				
Present value of obligation at beginning of year	89,728,547	90,222,066	89,728,547	90,222,066
Interest cost	5,725,560	7,815,575	5,725,560	7,815,575
Current service cost	3,983,980	4,446,790	3,983,980	4,446,790
Benefits paid	(8,980,401)	(7,890,260)	(8,980,401)	(7,890,260)
Actuarial (gain)/loss on obligation	(14,178,254)	(4,865,624)	(14,178,254)	(4,865,624)
Present value of obligation at end of year	**76,279,432**	**89,728,547**	**76,279,432**	**89,728,547**

	Group 2013 R	Group 2012 Restated R	Municipality 2013 R	Municipality 2012 Restated R
Estimated benefit payments to be paid iro Gratuities in the next financial period	**6,125,654**	**8,980,401**	**6,125,654**	**8,980,401**

Multi-employer funds

The Municipality contributes to the following defined benefit plans, which are governed by the Pension Fund Act of 1956. Due to the nature of these funds, the lack of information and the fact that assets are not specifically associated to meet the obligations in respect of individual employers, these funds are accounted for as defined contribution funds in terms of paragraph 30 of IAS 19. The total contributions are included in Employee related costs, Note 29)

Notes to the Consolidated Annual Financial Statements

44. Employee benefit obligations (continued)

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R
SALA Pension Fund. The actuarial valuation is carried annually since 1 July 1998. The actuarial valuation performed on 1 July 2004 showed an unfunded liability of R516,62 million (81,9 % funding level). The Municipality's employees make up approximately 5,4 % of the total membership and therefore the Municipality's possible liability with regard to the unfunded liability is calculated at R28 104 128. 751 (4.24 %) of the Municipality's employees are members of this fund.	35,550,276	34,598,206	35,550,276	34,598,206
The Government Employees Pension Fund. Actuarial valuations are performed every 3 years. The actuarial valuation performed on 31 March 2008 reported the fund to be in a sound financial position with a funding level of 100%. 19 (0.11%) of the Municipality's employees are members of this fund.	752,856	635,161	752,856	635,161
Joint Municipal Pension Fund. Actuarial valuations are performed every 3 years. The actuarial valuation performed on 30 September 2010 indicated a funding level of 104.9% and the fund was in a sound financial position at the valuation date. 46 (0.26 %) of the Municipality's employees are members of this fund.	3,769,868	3,770,511	3,769,868	3,770,511
Municipal Employees Pension Fund. The actuarial valuation performed on 1 February 2010 reported the fund to be in a sound financial position with a funding level of 100%. 2 283 (12.90 %) of the Municipality's employees are members of this fund.	91,594,634	81,586,745	91,594,634	81,586,745
Magalies Water Pension Fund. Magalies Water Pension Fund is part of the transfer of functions during 2012/13.	2,145,017	-	2,145,017	-
	133,812,651	**120,590,623**	**133,812,651**	**120,590,623**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

44. Employee benefit obligations (continued)

Medical aid funds

Included in general expenses are:				
Current service cost	15,150,423	11,754,554	15,150,423	11,754,554
Interest cost	74,335,188	73,991,057	74,335,188	73,991,057
Expected Employer Benefit Payments	(38,676,240)	(37,485,048)	(38,676,240)	(37,485,048)
Recognised Net (Gain)/Loss	83,009,583	80,241,199	83,009,583	80,241,199
Rounding correction	284	436	284	436
Defined benefit expense	**133,819,238**	**128,502,198**	**133,819,238**	**128,502,198**

Post-employment benefit liability (funded status)				
Present value of the unfunded obligation	(996,355,762)	(867,854,000)	(996,355,762)	(867,854,000)
Recognised actuarial gains	(133,819,238)	(128,502,198)	(133,819,238)	(128,502,198)
Rounding correction	-	436	-	436
Liability recognised in statement of financial position	**(1,130,175,000)**	**(996,355,762)**	**(1,130,175,000)**	**(996,355,762)**

Reconciliation of defined benefit obligation:				
Present value of unfunded obligation at beginning of year	996,355,762	867,854,000	996,355,762	867,854,000
Interest cost	74,335,188	73,991,057	74,335,188	73,991,057
Current service cost	15,150,423	11,754,554	15,150,423	11,754,554
Employer contributions	(38,676,240)	(37,485,048)	(38,676,240)	(37,485,048)
Actuarial Gains/Losses	83,009,583	80,241,199	83,009,583	80,241,199
Rounding corrections	284	-	284	-
Present value of obligation at end of year	**1,130,175,000**	**996,355,762**	**1,130,175,000**	**996,355,762**

Actuarial (gains)/losses recognised in other comprehensive income:				
Tshwane Pension Fund	(113,974,613)	(34,188,261)	(113,974,613)	(34,188,261)
Gratuities	(14,178,254)	(4,865,624)	(14,178,254)	(4,865,624)
Medical aid funds	83,009,583	80,241,199	83,009,583	80,241,199
Total amount of actuarial (gains)/losses recognised	**(45,143,284)**	**41,187,314**	**(45,143,284)**	**41,187,314**

Estimated employer benefit payments to be paid iro Medical aid funds in the next financial period	**43,713,480**	**38,676,240**	**43,713,480**	**38,676,240**

Sensitivity Results

The effect of an increase or decrease of one percentage point in the assumed health cost inflation is the following:

Subsidy Increase rate:				
Accrued liability 30 June	1,130,175,000	996,356,198	1,130,175,000	996,356,198
Decrease of 1 %	1,006,027,000	856,523,000	1,006,027,000	856,523,000
% change	(11.0)%	(14.0)%	(11.0)%	(14.0)%
Increase of 1 %	1,274,975,000	1,170,397,000	1,274,975,000	1,170,397,000
% change	13.0 %	17.0 %	13.0 %	17.0 %

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R

44. Employee benefit obligations (continued)

Long service awards

Included in general expenses are:				
Current service cost	27,315,630	42,284,040	27,315,630	42,284,040
Interest cost	17,939,365	25,800,630	17,939,365	25,800,630
Expected Employer Benefit Payments	(28,041,819)	(32,112,586)	(28,041,819)	(32,112,586)
Recognised Net (Gain)/Loss	164,122,449	(80,890,568)	164,122,449	(80,890,568)
Defined benefit expense	**181,335,625**	**(44,918,484)**	**181,335,625**	**(44,918,484)**

Post-employment benefit liability (funded status)				
Present value of the unfunded obligation	(363,277,119)	(408,195,603)	(363,277,119)	(408,195,603)
Recognised actuarial gains	(181,335,625)	44,918,484	(181,335,625)	44,918,484
Liability recognised in statement of financial position	**(544,612,744)**	**(363,277,119)**	**(544,612,744)**	**(363,277,119)**

Reconciliation of defined benefit obligation:				
Present value of unfunded obligation at beginning of year	363,277,119	408,195,603	363,277,119	408,195,603
Interest cost	17,939,365	25,800,630	17,939,365	25,800,630
Current service cost	27,315,630	42,284,040	27,315,630	42,284,040
Employer contributions	(28,041,819)	(32,112,586)	(28,041,819)	(32,112,586)
Actuarial gains/losses	164,122,449	(80,890,568)	164,122,449	(80,890,568)
Present value of obligation at end of year	**544,612,744**	**363,277,119**	**544,612,744**	**363,277,119**

Actuarial (gains)/losses recognised in other comprehensive income:				
Long service awards	164,122,449	(80,890,568)	164,122,449	(80,890,568)

Estimated employer benefit payments to be paid iro Long service awards in the next financial period	**40,542,857**	**28,041,819**	**40,542,857**	**28,041,819**

Sensitivity Results

The effect of an increase and decrease of one percentage point in the assumed medical cost trend rates on is the following: Subsidy Increase rate:

Salary Increase rate:				
Accrued liability 30 June	544,612,745	363,277,119	544,612,745	363,277,119
Decrease of 1 %	501,658,644	337,864,000	501,658,644	337,864,000
% change	(7.9)%	(7.0)%	(7.9)%	(7.0)%
Increase of 1 %	592,426,144	391,721,000	592,426,144	391,721,000
% change	8.8 %	8.0 %	8.8 %	8.0 %

Post-employment benefit liability:Statement of financial position				
Pension Fund	(4,040,500)	(138,014,790)	(4,040,500)	(138,014,790)
Municipal gratuity fund	(76,279,430)	(89,728,546)	(76,279,430)	(89,728,546)
Medical aid funds	(1,130,175,000)	(996,356,198)	(1,130,175,000)	(996,356,198)
Long service awards	(544,612,745)	(363,277,119)	(544,612,745)	(363,277,119)
	(1,755,107,675)	**(1,587,376,653)**	**(1,755,107,675)**	**(1,587,376,653)**

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

44. Employee benefit obligations (continued)

Actuarial assumptions

A summary of the assumptions used in the valuation, together with a short description on each is given below:

Economic assumptions (pension fund and gratuities):				
Discount rate	8.37 %	7.99 %	8.37 %	7.99 %
Inflation rate	5.28 %	5.03 %	5.28 %	5.03 %
Salary Increase rate	6.28 %	6.03 %	6.28 %	6.03 %
Expected rate of return on assets	8.37 %	9.50 %	8.37 %	9.50 %
Pension increase allowance	3.58 %	3.75 %	3.58 %	3.75 %
Health Care Cost Inflation	7.43 %	6.78 %	7.43 %	6.78 %

Discount rate (pension fund and gratuities):

The rate to discount post-employment benefit obligations should be determined by reference to market expectations at the valuation date for the period over which the liability obligations are to be settled. If the market is not liquid then government bond yields at the estimated term of the defined benefit obligation should be used. Consequently a discount rate of 8.37% per annum has been used.

Inflation rate (pension fund and gratuities):

While not used explicitly in the valuation, we have assumed the underlying future rate of consumer price inflation (CPI) to be 5.28 % per annum. This assumption has been based on the relationship between current conventional bond yields and current index-linked bond yields. This assumption is in line with the SA Government's Monetary Policy target of 3 % to 6 % per annum.

Salary increase:

Salary increases have historically exceeded CPI inflation by between 1.0% and 1.5% per annum. We have assumed that salaries will exceed the assumed inflation rate by 1 % (pension funds) and 1 % (gratuities).

Expected return on assets:

The Fund's expected long-term return is a function of the expected long-term returns on equities, cash and bonds. In setting these assumptions we made use of a long term asset spilt as at 30 June 2012. The expected long-term rate of return on bonds was set at the same level as the discount rate. This implies a yield on government bonds of 8.37% per annum. The expected long-term rate of return on equities was set at a level of 3 % above the bond rate, whilst the expected long-term rate of return on cash was set at a level of 2 % below the bond rate. Return on overseas equity was assumed at 1% above the bond rate. Adjustments were made to reflect the effect of expenses.

Pension rate increase:

We have made use of a post-retirement discount rate of 3.58% per annum which drives the pension increase policy of the Trustees. This implies a pension increase rate of 3.58 % per annum.

Health Care Cost Inflation:

We have assumed that the current contribution table(s) of the medical scheme(s) would continue to apply in the future, with allowance for inflationary increases of 7.43 % per annum. We have assumed that health care cost inflation exceeds CPI inflation by an average of 1.75 % per annum over the long-term.

45. Events after the reporting date

No material events occurred with respect to the 2012/13 financial year end after date of the statement of financial position in respect of loans and investments.

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46. Related parties

The following municipal entities were under the control of the erstwhile/disestablished municipalities. The City of Tshwane Metropolitan Municipality became the parent municipality on 5 December 2000 as a result of the successor in law principle.

Related party balances

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R
Loan accounts - Owing by related parties				
TEDA			588,482	44,665
Amounts included in trade receivables and loans regarding related parties				
Sandspruit Works Association			34,298,530	34,298,530
Amounts included in trade payables regarding related parties				
Sandspruit Works Association			14,651,288	8,534,659

Related party transactions

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R
Sales to related parties				
Housing Company Tshwane			344,873	314,836
Sandspruit Works Association			112,862,788	91,993,276
Sandspruit Works Association			2,591,529	2,575,111
Purchases from related parties				
Sandspruit Works Association			94,003,235	84,139,081
Expenses paid on behalf of related parties				
Housing Company Tshwane			29,431	7,085
TEDA			543,817	44,665
Grants to related parties				
Housing Company Tshwane			14,697,948	13,727,275
Sandspruit Works Association: DWA Subsidy			2,227,000	4,185,000
Sandspruit Works Association: CoT subsidy			132,147,287	98,379,175
Tshwane Economic Development Agency (TEDA)			25,000,000	-
Disestablishment of municipal entities:				
Metsweding Economic Development Agency (MEDA)			244,393	480,474

MEDA was part of the former Metsweding District Municipality and it was resolved by Council on 25 August 2011 to disestablish the municipal entity. During the 2011/12 financial year all assets and liabilities of MEDA were taken over by the City of Tshwane and creditors outstanding were paid by the City of Tshwane. The amount of R244 393 (2012 = R480 474 relates to the net balance (accumulated surplus) between assets and liabilities on 1 July 2011 and 30 June 2013 respectively. The final close down financial statements are still to be compiled and finalised.

47. Prior period restatements

Change in accounting policy

None.

Reclassification

Heritage assets were reclassified with an amount of R26 045 275 due to the implementation of GRAP 103 disclosing it now as a separate line item on the face of the statement of financial position.

For the group deferred operating lease liability was reclassified from trade payables to a separate line item to the value of R2 777 684 (current portion) and R5 069 533 (non-current portion).

Housing Company Tshwane reclassified an amount of R7 963 for interest on overdue accounts, fines and penalties from finance cost to operating expenses.

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

47. Prior period restatements (continued)

Sandspruit Works Association:-
An amount of R4 185 000 which related to a grant and an amount of R98 379 175 relating to operational losses subsidy received from the City of Tshwane Metropolitan Municipality was reclassified from other income to revenue from exchange transactions.

Correction of errors

Revenue:

Restatements due to subsequent corrections on assessment rates amounted to R33 537 480
Service charges were restated due to double billing correction and incorrect cut-off on landfill revenue which amounted to R48 996 130.

Government grants were restated due to alignment of Emergency Management Service (EMS) subsidy to national year (DoRA) to the value of R12 418 500 and a refund to National Treasury on the INEP grant to the value of R1 138 726.

Other income were restated as a result of newly identified assets (R7 364 803), AARTO fines (R36 301 457) as a result of changes in debtor and creditor, VAT corrections (R2 092 322), recognition of revenue on NDPW funding for inner city beautification (R19 233 472) and interest on land sales (R1 258 606).

Public contributions and donations were restated due to changes in the accrual done at year end relating to bulk service contributions for rezoning for services rendered and not paid (R24 703 828).

Gain: Disestablishment of municipal entity was corrected due to the write back of the unspent grants which could not be identified during the merger (R47 076 689).

Rental of facilities: Housing rentals and rentals for shelters were incorrectly accounted for (R205 094).

Expense:

Finance cost: Restatement due to calculation corrections in interest of rehabilitation provisions (R1 057 793).

Depreciation and amortisation were restated to the value of R3 267 654 as a result of a calculation error with respect to rehabilitation assets and leased assets during 2011/12 as well as the first time take-on of meters on the asset register.

Bulk purchases (R4 060 123), repairs and maintenance (R5 322 344) were restated as a result of correction of year end accruals being understated during 2011/12.

Loss on disposal of assets was restated as a result of scrapping of assets and disposal of assets (R18 257 316).

General expenses were restated to the value of R1 940 874 as a result of reclassification of capital expenditure to operation expenditure (R74 389 296) due to incorrect accrued expenditure in 2011/12 and R1 364 526 due to VAT corrections.

Debt impairment was restated with R59 407 803 resulting from incorrect VAT treatment on impairment of debtors.

General expenses of municipal entities were restated due to a split out of general expenses from miscellaneous to separate line items in the general expenses note.

TEDA restated expenditure to the amount of R75 972 with regard to board fees which were not included in 2011/12.

Statement of Financial Position:

Inventories were restated to the value of R59 059 due to stock differences picked up during the current financial year.

Other debtors were restated to the value of R107 183 067 as a result of corrections to rental of facilities (R3 283 555), public contributions and donations debtors (R42 242 690), AARTO debtor (R18 260 378, EMS subsidy debtor (R12 418 500), health subsidy (R8 956 000) and MIG debtor (R21 915 045).

Consumer debtors were restated to the value of R33 849 510 as a result of adjustments to property rates and cut-off errors at year end.

Cash and cash equivalents were restated with an amount of R295 334 which was incorrectly handled in the bank account.

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

47. Prior period restatements (continued)

Payables from exchange transactions were restated due to incorrect creditor accruals processed during 2011/12. TEDA restated creditors to the value of R75 972 due to board fees which were not accrued.

Investment property was restated with an amount of R419 239 088 due to purification of the fixed asset register and the capitalisation of newly identified properties.

The restatement of property, plant and equipment to the value of R258 225 006 mainly consist of:
* Correction of meters duplicated on register retired decreased with R32 561 154
* Correction on assets under construction (AUC) due to creditor accruals decreased with R3 993 519)
* Correction of first time take on of assets acquired out of operating budget increased with R1 320 378
* Correction of prior year first time take on of library materials increased with R6 801 914
* Correction of prior year first time take on of meters increased with R5 195 858
* Correction of rehabilitation asset increased with R46 729 977 - Landfills increased with R48 778 002 and quarries decreased with R2 029 629

Intangible assets were increased with an amount of R148 308 355 due to capitalisation of newly identified servitudes. Also an amount of R776 697 was restated due to incorrect depreciation written back. The net effect of restatements on intangible assets equals R149 085 052.

Other assets - restatement consist of the following:-
* the correction of other assets accounted for in the incorrect financial year amounted to R6 861 708
* correction of other assets retired due to the asset register purification to the amount of R18 999 995
* correction of depreciation on busses calculated incorrectly over the period of the lease in stead of the useful life of the asset in the amount of R2 190 514
* correction reversal of depreciation and first time accounting for newly identified assets amounting to R311 697
* correction of land and buildings due to asset register purification amounting to R248 666 244.

Leased assets were restated due to change in lease term of busses for 2012 which amounted to R98 117 468.

Leased liabilities were restated due to change in lease term of busses for 2012 which amounted to R214 585.

Rehabilitation provisions were restated to the amount of R10 928 107 due to a change in the foot print area.

Unspent grants and receipts were restated with an amount of R375 411 as a result of the alignment of EMS subsidy and repayment of INEP grant to National Treasury.

Deferred operating lease liability was restated with an amount of R1 237 612 as a result of incorrect calculations done in the prior year.

VAT payable was restated with an amount of R23 310 019 due to incorrect treatment of VAT on debtors accruals and debt impairment.

Long-term receivables were restated due to incorrect interest calculations done on land sale debtors to the value of R1 379 599.

Correction on disclosure notes:

Note 45 - Related party transactions -
Sales to Sandspruit Works Association (R94 568 387) were restated with an amount of R2 575 111 as it was disclosed separately as well as included in the sales figure; and expenses paid on behalf of TEDA were restated with an amount of R44 665 as it was not know to be a loan account in 2011/12.

Presented below are the prior period restatements contained in the surplus for the year, the statement of financial position and cash flow statement.

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	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

47. Prior period restatements (continued)

Group	As previously reported	Reclassi-fication	Correction of errors	Restated
2012 Restated				
Statement of Financial Performance				
Revenue:				
Property rates	3,391,194,716	-	(33,537,480)	3,357,657,236
Service charges	10,679,046,818	-	(35,674,764)	10,643,372,054
Rental of facilities and equipment	100,221,337	-	(205,094)	100,016,243
Interest received outstanding consumer debtors	265,720,882	-	-	265,720,882
Public contributions and donations	142,084,742	-	(24,703,828)	117,380,914
Fines	4,540,725	-	15,150	4,555,875
Licences and permits	52,425,804	-	216	52,426,020
Government grants, subsidies, awards and donations	3,561,339,848	(353,135)	(13,557,227)	3,547,429,486
Other income	596,944,196	353,135	32,310,609	629,607,940
Interest received - external investments	52,933,829	-	-	52,933,829
Total Revenue	**18,846,452,897**	**-**	**(75,352,418)**	**18,771,100,479**
Expenditure:				
Remuneration	4,815,285,269	-	-	4,815,285,269
Remuneration of Councillors	91,436,294	-	17,076	91,453,370
Depreciation and amortisation	1,035,072,395	-	(1,833,872)	1,033,238,523
Impairment loss/reversal of impairments	29,807,842	-	-	29,807,842
Finance cost	633,924,801	-	(709,449)	633,215,352
Debt impairment	963,358,574	-	(59,408,804)	903,949,770
Collection costs	94,983,032	-	43,918	95,026,950
Repairs and maintenance	1,202,573,115	-	(4,120,043)	1,198,453,072
Bulk purchases	6,168,000,853	-	4,119,486	6,172,120,339
Grants and subsidies paid	21,495,798	-	-	21,495,798
General expenses	2,683,595,673	-	67,011,661	2,750,607,334
Total expenditure	**17,739,533,646**	**-**	**5,119,973**	**17,744,653,619**
Gain (loss) on disposal of assets and liabilities	(64,262,776)	-	(18,259,963)	(82,522,739)
Fair value adjustments	(264,454)	-	-	(264,454)
Gain (loss) on foreign exchange	(2,632,952)	-	2,647	(2,630,305)
Gain (loss) on transfer of functions	986,089,021	-	47,077,357	1,033,166,378
Surplus for the year	**2,025,848,090**	**-**	**(51,652,350)**	**1,974,195,740**

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

47. Prior period restatements (continued)

Group	As previously reported	Reclassi-fication	Correction of errors	Restated
2012				
Restated				
Statement of Financial Position				
Current assets				
Inventory	417,521,069	-	(59,059)	417,462,010
Current portion of long-term receivables	108,802,610	-	-	108,802,610
Other debtors	767,444,290	-	(109,234,177)	658,210,113
Consumer debtors	2,767,820,966	263,269	(33,849,510)	2,734,234,725
Call investment deposits	323,851,507	-	-	323,851,507
Cash and cash equivalents	643,631,587	-	295,334	643,926,921
Non-current assets				
Investment property	582,934,966	-	419,239,088	1,002,174,054
Property, plant and equipment	19,389,115,485	(26,058,896)	(257,913,844)	19,105,142,745
Leased assets	294,663,015	-	98,117,468	392,780,483
Intangible assets	300,980,778	-	149,085,052	450,065,830
Heritage assets	-	26,058,896	536	26,059,432
Investments	87,621,941	-	668	87,622,609
Long-term receivables	95,595,894	-	(1,379,599)	94,216,295
Non-current assets held for sale	1,306,886	-	(962,296)	344,590
Current liabilities				
Long-term liabilities	346,018,276	-	-	346,018,276
Lease liabilities	126,026,714	-	1,435,380	127,462,094
Payables from exchange transactions	4,582,367,814	(7,347,171)	(42,862,193)	4,532,158,450
Deferred operating lease liability	-	2,777,684	-	2,777,684
VAT payable	255,560,668	-	23,314,324	278,874,992
Consumer deposits	406,953,225	-	-	406,953,225
Unspent grants and receipts	319,288,289	(763,315)	1,138,726	319,663,700
Provisions	1,610,788	-	-	1,610,788
Non-current liabilities				
Long-term liabilities	6,088,869,590	-	-	6,088,869,590
Lease liabilities	177,225,098	-	(1,649,965)	175,575,133
Operating lease liability	-	5,069,533	-	5,069,533
Retirement benefit obligation	1,587,376,653	-	-	1,587,376,653
Provisions	226,798,265	-	(10,928,107)	215,870,158
Equity				
Accumulated surplus	11,663,195,614	-	293,418,036	11,956,613,650

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

47. Prior period restatements (continued)

Group	As previously reported	Reclassi-fication	Correction of errors	Restated
2012				
Restated				
Cash flow statement				
Cash generated from operations				
Cash receipts from ratepayers government & other	18,481,594,470	(3,547,429,486)	121,455,094	15,055,620,078
Interest income	52,933,829	-	-	52,933,829
Grants	-	3,547,429,486	-	3,547,429,486
Cash paid to suppliers and employees	(13,864,607,529)	21,495,798	(116,567,803)	(13,959,679,534)
Transfers and grants	-	(21,495,798)	-	(21,495,798)
Finance costs (interest paid)	(633,924,801)	-	709,449	(633,215,352)
Net cash generated from operations	**4,035,995,969**	**-**	**5,596,740**	**4,041,592,709**
Cash flow from investing activities				
Purchase of property, plant & equipment	(4,266,615,521)	214,400	18,813,803	(4,247,587,318)
Purchase of leased assets	(110,199,975)	-	(4,827,012)	(115,026,987)
Proceeds from sale of property, plant & equipment	(64,262,776)	-	(18,259,963)	(82,522,739)
Purchase of investment property	(175,023,299)	-	(3,174,923)	(178,198,222)
Purchase of intangible assets	(132,229,283)	-	1,093,926	(131,135,357)
Purhase of heritage assets	-	(214,400)	-	(214,400)
Proceeds from sale of financial assets	53,598,880	-	1,315,184	54,914,064
Net cash from investing activities	**(4,694,731,974)**	**-**	**(5,038,985)**	**(4,699,770,959)**
Cash flow from financing activities				
Proceeds from long-term liabilities	1,022,303,530	-	-	1,022,303,530
Repayment of long-term liabilities	(344,160,874)	-	-	(344,160,874)
Finance lease repayments	37,634,884	-	(262,424)	37,372,460
Net cash from financing activities	**715,777,540**	**-**	**(262,424)**	**715,515,116**
Net Cash Flow				
Net increase/(decrease) in cash and cash equivalents	57,041,535	-	295,331	57,336,866
Cash and cash equivalents at the beginning of the year	910,441,560	-	-	910,441,560
Cash flow at the end of the year	**967,483,095**	**-**	**295,331**	**967,778,426**

Municipality	As previously reported	Reclassi-fication	Correction of errors	Restated
2012				
Restated	R'000	R'000	R'000	R'000
Statement of Financial Performance				
Revenue:				
Property rates	3,391,312,310	-	(33,537,480)	3,357,774,830
Service charges	10,700,597,813	-	(48,996,130)	10,651,601,683
Rental of facilities and equipment	97,923,329	-	(205,094)	97,718,235
Interest received outstanding consumer debtors	244,643,012	-	-	244,643,012
Public contributions and donations	142,084,742	-	(24,703,828)	117,380,914
Fines	4,540,725	-	15,150	4,555,875
Licences and permits	52,425,804	-	216	52,426,020
Government grants and subsidies	3,561,339,848	(353,135)	(13,557,226)	3,547,429,487
Other income	562,144,367	353,135	65,271,551	627,769,053
Interest received - external investments	52,185,100	-	-	52,185,100
Total Revenue	**18,809,197,050**	**-**	**(55,712,841)**	**18,753,484,209**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

47. Prior period restatements (continued)

Municipality	As previously reported	Reclassi- fication	Correction of errors	Restated
2012				
Restated				
Expenditure:				
Remuneration	4,739,894,487	-	-	4,739,894,487
Remuneration of Councillors	91,436,294	-	17,076	91,453,370
Depreciation and amortisation	1,032,327,388	-	(1,833,872)	1,030,493,516
Impairment loss/reversal of impairments	29,807,842	-	-	29,807,842
Finance cost	633,408,584	-	(1,057,793)	632,350,791
Debt impairment	880,622,872	-	(59,407,804)	821,215,068
Collection costs	94,983,032	-	43,918	95,026,950
Repairs and maintenance	1,190,594,684	-	5,322,344	1,195,917,028
Bulk purchases	6,254,715,045	-	4,060,123	6,258,775,168
Grants and subsidies paid	21,495,798	-	-	21,495,798
General expenses	2,726,260,455	-	77,539,585	2,803,800,040
Total expenditure	**17,695,546,481**	**-**	**24,683,577**	**17,720,230,058**
Gain/(loss) on disposal of assets and liabilities	(64,262,776)	-	(18,259,963)	(82,522,739)
Fair value adjustments	(264,454)	-	-	(264,454)
Gain/(loss) on foreign exchange	(2,632,952)	-	2,647	(2,630,305)
Gain/(loss) on transfer of functions	986,089,021	-	47,077,357	1,033,166,378
Surplus for the year	**2,032,579,408**	**-**	**(51,576,377)**	**1,981,003,031**

Statement of Financial Position				
Current assets				
Inventory	415,004,297	-	(59,059)	414,945,238
Current portion of long-term receivables	108,802,610	-	-	108,802,610
Other debtors	728,684,788	-	(107,183,067)	621,501,721
Consumer debtors	2,782,195,667	263,269	(33,849,510)	2,748,609,426
Call investment deposits	323,851,507	-	-	323,851,507
Cash and cash equivalents	603,807,191	-	295,334	604,102,525
Non-current assets				
Investment property	567,064,129	-	419,239,088	986,303,217
Property, plant and equipment	19,377,542,834	(26,058,896)	(257,913,844)	19,093,570,094
Leased assets	294,663,015	-	98,117,468	392,780,483
Intangible assets	300,980,778	-	149,085,052	450,065,830
Heritage assets	-	26,058,896	536	26,059,432
Investments	87,621,941	-	668	87,622,609
Long-term receivables	95,595,894	-	(1,379,599)	94,216,295
Non-current assets held for sale	1,306,886	-	(962,296)	344,590
Current liabilities				
Trade and other payables from exchange transactions	4,527,310,610	(8,176,357)	(41,196,212)	4,477,938,041
Deferred operating lease liability	-	2,501,856	-	2,501,856
Long-term liabilities	345,702,878	-	-	345,702,878
Lease liabilities	126,026,714	-	1,435,380	127,462,094
VAT payable	258,534,728	-	23,310,019	281,844,747
Unspent grants and receipts	317,435,272	(763,315)	(387,904)	316,284,053
Consumer deposits	403,868,672	-	-	403,868,672
Non-current liabilities				
Long-term liabilities	6,085,749,294	-	-	6,085,749,294
Lease liabilities	177,225,098	-	(1,649,965)	175,575,133
Deferred operating lease liability	-	6,174,547	(1,237,613)	4,936,934
Retirement benefit obligation	1,587,376,653	-	-	1,587,376,653
Provisions	226,798,265	-	(10,928,107)	215,870,158
Equity				
Accumulated surplus	11,631,093,361	-	295,545,117	11,926,638,478

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

47. Prior period restatements (continued)

Municipality

2012
Restated
Cash flow statement

	As previously reported	Reclassi-fication	Correction of errors	Restated
Cash generated from operations				
Cash receipts from ratepayers government & other	18,613,119,177	(3,547,429,486)	149,404,277	15,215,093,968
Grants received	-	3,547,429,486	-	3,547,429,486
Cash paid to suppliers and employees	(13,986,073,413)	21,495,798	(144,865,330)	(14,109,442,945)
Transfers and grants paid	-	(21,495,798)	-	(21,495,798)
Finance costs (interest paid)	(633,408,584)	-	1,057,793	(632,350,791)
Interest Income	52,185,100	-	-	52,185,100
Net cash generated from operations	**4,045,822,280**	**-**	**5,596,740**	**4,051,419,020**
Cash flow from investing activities				
Purchase of property, plant & equipment	(4,266,093,203)	214,400	18,813,806	(4,247,064,997)
Purchase of leased assets	(110,199,975)	-	(4,827,012)	(115,026,987)
Proceeds from sale of property, plant & equipment	(64,262,776)	-	(18,259,963)	(82,522,739)
Purchase of investment property	(174,943,476)	-	(3,174,923)	(178,118,399)
Purchase of heritage assets	-	(214,400)	-	(214,400)
Purchase of intangible assets	(132,229,283)	-	1,093,926	(131,135,357)
Proceeds from sale of financial assets	53,598,880	-	1,315,184	54,914,064
Net cash from investing activities	**(4,694,129,833)**	**-**	**(5,038,982)**	**(4,699,168,815)**
Cash flow from financing activities				
Proceeds from long-term liabilities	1,022,303,530	-	-	1,022,303,530
Repayment of long-term liabilities	(343,552,475)	-	-	(343,552,475)
Finance lease repayments	37,634,884	-	(262,424)	37,372,460
Net cash from financing activities	**716,385,939**	**-**	**(262,424)**	**716,123,515**
Net cash flow				
Net increase/(decrease) in cash and cash equivalents	68,078,386	-	295,334	68,373,720
Cash and cash equivalents at the beginning of the year	859,580,312	-	-	859,580,312
Cash and cash equivalents at the end of the year	**927,658,698**	**-**	**295,334**	**927,954,032**

48. Unauthorised expenditure

	Group 2013	Group 2012	Municipality 2013	Municipality 2012
Opening balance	488,022,276	56,990,535	488,022,276	56,990,535
Unauthorised expenditure in current year	598,394,771	488,022,276	598,394,771	488,022,276
Less: Approved/Condoned by Council in respect of previous financial year	(488,022,276)	(56,990,535)	(488,022,276)	(56,990,535)
Less: Approved/Condoned by Council in respect of 2012/13	(598,394,771)	-	(598,394,771)	-
	-	**488,022,276**	**-**	**488,022,276**

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

48. Unauthorised expenditure (continued)

2**013**:
Unauthorised expenditure during 2013 as a result of overspending of the budget amounted to R5597 394 771. These over expenditure amounts are not recoverable and a deviation report was approved by Council to condone the unauthorised expenditure in terms of section 28 and 29 of the MFMA on 29 August 2013.

The over expenditure can mainly be attributed to debt impairment, remuneration of councillors, depreciation and finance charges (to the total value of R508.9 million. However, according to over expenditure per vote the over expenditure occurred in the following departments: Regional Service Delivery, Information and Communication Technology Management, Financial Services, Emergency Services, City Strategies and Performance Management and Communications, Marketing and Events (to the value of R598.4 million).

2**012**:
Unauthorised expenditure during 2012 as a result of overspending of the budget amounted to R488 022 276. These over expenditure amounts are not recoverable and a deviation report will be submitted to Council for approval and or condonement in terms of section 28 and 29 of the MFMA.

The over expenditure can mainly be attributed to the electricity purchases from Eskom to the extent of R481.5 million, repairs and maintenance to the amount of R23.9 million, grants and subsidies paid to the amount of R7.2 million and councillor remuneration to the amount of R1.1 million. These over expenditures were counter acted by under expenditures on other line items.

2011:
Unauthorised expenditure as a result of overspending of the budget amounted to R56 990 535. These over expenditure amounts are not recoverable and a deviation report served before Council for approval and or condonement in terms of section 28 and 29 of the MFMA, on 25 August 2011.

The over expenditure can be attributed mainly to the electricity purchases from Eskom to the extent of R47.9 million, which is owing to volatility in demand due to seasonality and natural elements, that is beyond the control of the municipality.

49. Fruitless and wasteful expenditure

Opening balance	15,794,717	4,409,212	13,139,024	1,761,482
Add: Expenditure Erstwhile Kungwini Local Municipality	-	4,573,503	-	4,573,503
Add: Expenditure - Erstwhile Nokeng Local Municipality	-	450,000	-	450,000
Add: Expenditure in current year (from declarations)	6,678	8,252,063	6,678	8,252,063
Add: Expenditure - current year: Housing Company Tshwane	12,282	7,963	-	-
Add: Expenditure - current year: Sandspruit Works Association	860,042	-	-	-
Less: Approved by Council/Condoned/repayed/written off	(6,678)	(1,898,024)	(6,678)	(1,898,024)
	16,667,041	**15,794,717**	**13,139,024**	**13,139,024**

2008: Incident 1: Theft of laptop which an employee failed to register as an insurance claim to the amount of R24 200.
Disciplinary steps: Departmental hearing was held on 27 June 2008. Employee signed admission of guilt and amount will be deducted from his salary.

2008: Incident 2: Petty Cash - Late A Baduza to the amount of R756. Awaiting approval of report to Strategic Executive Director to write off this expenditure.Amount was written off.

2008: Incident 3: Unauthorised trip to Namibia by Dr M Kruger in the Office of the City Manager. Disciplinary steps: Awaiting authorisation. Authorisation given during 2008/09 (R57 414)

2008: Incident 4: Supply of fuel to contractor by Housing & Sustainable Human Settlement Development. Disciplinary steps: Investigation underway (R1 160 594)

2009: Incident 1: Electricity & Energy Department (R404 576) claims repudiated due to outstanding case numbers from cost centre.
Disciplinary steps: None taken - amount was transferred to Irregular expenditure during 2010/11.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

49. Fruitless and wasteful expenditure (continued)

2010: Incident 1: Office of the Executive Mayor - official booked lunch for meeting without approval - SED condoned as there was no wilful misconduct.

2010: Incident 2: Office of the Executive Mayor - approval of incorrect art work on bill board - SED condoned as there was no wilful misconduct.

2010: Incident 3: Office of the Executive Mayor - appointment of service provider for distribution of newsletter not approved - SED condoned as there was no wilful misconduct.

2010: Civirelo: Penalties for late/non-payment of taxes (R501 878) as a result of deregistering of company. No disciplinary action or other actions were taken as the matter did not arise due to fault of an employee.

2010: Civirelo: Interest on late/non-payment of taxes (R335 608) as a result of deregistering of company. No disciplinary action or other actions were taken as the matter did not arise due to fault of an employee.

2011: Incident 1: Housing & Sustainable Development - Official opening event of Loftus Gardens Clinic - name plate was already made when date was changed. No action taken as there was no wilful misconduct.

2011:Sandspruit:Works Association: Interest paid to City of Tshwane (R33 313). All necessary steps have been taken to prevent this expense and therefore no disciplinary steps have been taken. The expense was included in operating losses which was funded by the City of Tshwane.

2011 and 2012: Housing Company Tshwane - Interest, penalties, legal fees and recovery fees was incurred as a result of non-payment of the entity's creditors when due to the amount of R7 963 and for 2011 = R80 820 (2010 = R89 329). Objection was lodged and the outcome is still pending.

2011: Civirelo: Interest on late/non-payment of taxes (R16 019) as a result of deregistering of company. No disciplinary action or other actions were taken as the matter did not arise due to fault of an employee

2011:Sandspruit:Works Association: Interest paid to Rand Water due to late payment of account to the value of R199 509 (2010 = R1 160 516) and penalties and interest for SARS to the amount of R142 801. All necessary steps have been taken to prevent this expense and therefore no disciplinary steps have been taken. The expense was included in operating losses which was funded by the City of Tshwane.

2012 Incident 1: Emergency Services - Establishment and launch of water pod system and BESAFE centres in identified areas - condoned by Council.

2012 Incident 2: City Planning - insurance claims repudiated - survey equipment, digital camera and laptop - to be recovered from employee and discussion to be held with other two employees.

2012: Housing - SARS penalties to be paid - in process to reconcile with SARS (R1 295)

2012: Public Works (Electricity) - payment of storage fees and repairs for vehicles on tenders CB65/2005 and CB22/2006 - investigation to be conducted.

2012: Fruitless and wasteful expenditure - erstwhile Kungwini Local Municipality as per the annual financial statements of 2010/11 - take on in terms of the transfer of functions.

2012: Fruitless and wasteful expenditure - erstwhile Nokeng Local Municipality as per the annual financial statements of 2010/11 - take on in terms of the transfer of functions.

2013: Housing Company Tshwane - Interest and penalties due to late payments to SARS. The entity's accounting officer finalised investigations and has concluded that this fruitless and wasteful expenditure was due to negligence. The full amount of R12 282 will be recovered from the responsible employees during 2013/14.

2013: Housing - SARS penalties and UIF - Resolved and settled with penalties that were levied (R6 678).

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R

49. Fruitless and wasteful expenditure (continued)

2013: Sandspruit Works Association - The amounts below are considered excessive in relation to the value of the services received (value for money) and also due to the fact that certain services could have been performed internally. To date no disciplinary action has been taken. The matters are still under investigation:-
* Development of Demand Management Policy (R197 600)
* Distribution of Water Interruption pamphlets (R33 000)
* Occupational Health and Safety awareness (R191 835)
* Printing and distribution of water interruption pamphlets (R192 000)
* Repairs to eastern reservoir (R48 728)
* Website design and development of corporate identity (R196 879)

50. Irregular expenditure

	Group 2013 R	Group 2012 Restated R	Municipality 2013 R	Municipality 2012 Restated R
Opening balance	260,324,141	46,906,295	255,338,374	46,072,743
Add: Irregular expenditure 2010/11 - Erstwhile Kungwini Local Municipality	-	139,470,071	-	139,470,071
Add: Sandspruit - non-compliance with SCM regulations	4,598,486	7,262,635	-	-
Add: TEDA - non-compliance with SCM regulations	1,188,088	-	-	-
Add: Irregular expenditure 2010/11 - Erstwhile Nokeng Local Municipality	-	595,684	-	595,684
Add: Expenditure iro awards deemed irregular in 2010/11- erstwhile Kungwini Local Municipality	-	7,073,250	-	7,073,250
Add: Irregular Expenditure(from declarations) - current year	912,797	3,415,229	912,797	3,415,229
Add: Irregular expenditure due to non-compliance with regulation 44 of MFMA - Persons in service of City of Tshwane	2,568,080	8,577,860	2,568,080	8,577,860
Add: Irregular expenditure due to non-compliance with regulation 44 of MFMA - National and Provincial Departments	9,688,138	-	9,688,138	-
Add: Irregular expenditure during 2012/13 iro deviations relating to 2009/10	-	3,241,819	-	3,241,819
Add: Irregular expenditure during 2012/13 iro deviations relating to 2010/11	-	7,898,220	-	7,898,220
Add: Irregular expenditure iro deviations for 2011/12	-	37,662,225	-	37,662,225
Add: Irregular expenditure for 2012/13 due to non-compliance with MFMA SCM regulation 13	-	37,860,195	-	37,860,195
Add: Irregular expenditure ito section 32 of MFMA	15,679,124	6,960,277	15,679,124	6,960,277
Less: Approval/repayment during the current year iro declarations	-	(2,585,155)	-	(2,585,155)
Less: Non-compliance condoned relating to 2009/10	-	(3,241,819)	-	(3,241,819)
Less: Non-compliance condoned relating to 2011/12	-	(37,662,225)	-	(37,662,225)
Less: Sandspruit 2010/11 condonement	-	(159,980)	-	-
	294,958,854	**263,274,581**	**284,186,513**	**255,338,374**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013 R	2012 Restated R	2013 R	2012 Restated R

50. Irregular expenditure (continued)

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Irregular expenditure due to non-compliance with section 44 of MFMA - National and Provincial Departments	Non-compliance with MFMA - no condonement	9,688,138
Irregular expenditure due to non-compliance with section 44 of MFMA - Persons in employment of City of Tshwane	Non-compliance with MFMA - no condonement	2,568,080
Non-compliance of section 45 - service providers family members of CoT employees	Non-compliance with MFMA - no condonement	-
Irregular expenditure ito section 32 of MFMA	Implementation of City Manager Report recommendation	15,679,124
2013: Group IT & Communications Management - engaging service provider while contract has expired	Investigations conducted and submitted report to Council	862,186
2013: Group IT & Communications Management - engaging service provider without contract	Investigations conducted and submitted report to Council	50,611
2013: Sandspruit Works Association	Non-compliance with SCM regulations	4,598,486
2013: TEDA	Non-compliance with SCM regulations	1,188,088
		34,634,713

The irregular expenditure which relates to the prior year deviations that were condoned in terms of the Supply Chain Management Policy by the Accounting Officer and were noted by Council initially amounted to R48 802 264 up to 2011/12. This irregular expenditure was then viewed as irregular subsequently to have not complied with section 36 of the Supply Chain Management Policy, which allows the Accounting Officer to dispense with the official procurement process established by policy to procure any required goods or services through any convenient process, but only:
(i) in an emergency
(ii) if such goods or services are produced or available from single provider only
(iii) in any other exceptional case where it is impractical or impossible to follow the official procurement process.

The prerogative of approval and condonement of deviation is a permission granted to the accounting officer of the municipality and to be noted by Council, however this particular deviations were viewed as not having complied with regulation 36, namely not being emergency or impractical or impossible to follow official procurement process, in the prior year.

These prior year deviations were also contracts running for the future years, however were condoned and certified by Council as irrecoverable which is the core competency and function of the Council.

51. Regulation 45

As per section 45 of the MFMA SCM regulations, awards to close family members of persons in the service of the state the notes to the annual financial statements of a municipality must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state or has been in the service of the state in the previous 12 months indicating:

- The name of that person
- The capacity in which that person is in the service of the state/municipality; and
- The amount of the award.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

51. Regulation 45 (continued)

Municipality

Employee	Family member and capacity	Value of awards 30 June 2013
K T Shilubane (Occupational nursing practioner)	M W Shilubane (Spouse)	68,350
G M Komapi (Buyer)	K S Komapi (Spouse)	26,821
T S Mokoena (Senior storekeeper)	M M C Mokoena (Spouse)	456,592
A Malatsi (Cultural officer)	M J Malatsi (Spouse)	17,890
M K Maluleka (Ward committee member)) & L P Marole (Councillor)	A M Maluleka (Spouse) & J P Marole (Spouse)	28,000
M P Mabaso (Artisan)	M B Leso (Spouse)	86,815
W J Snyman (Storekeeper)	Z Snyman (Spouse)	1,984,569
L S Teffo (Senior administrative officer)	L F Teffo (Spouse)	86,430
K R Nkosi (Support service officer)	N R Nkosi (Spouse)	50,400
C J Lemmer (Functional head)	R Lemmer (Spouse)	20,339
A E Mukwevho (IT helpdesk agent)	M F Mukwevho	2,780,880
M M Mabuza (Waiter)	S M Mabuza (Spouse)	3,121,055
		8,728,141

52. In-kind donations and assistance

The group received the following in-kind- donations and assistance during the 2012/13 financial year::

- Legal Counsel division received gifts (declared in the gift register) in the form of spa vouchers, etc to the approximate value of R2 550.
- Emergency Services received: Soccer clothing sets to the value of R7 621; Relief assistance from NGO's and the Red Cross at major incidents (e.g.blankets, groceries). Further the Emergency Services provided free fire and ambulance services at various events.

53. Operating leases

The group leases premises (buildings and parking) from various property owners for terms ranging from three to five years with fixed annual escalation ranging from 8% to 10 %. The group has the option to extend the agreement for periods ranging between one month and three years.

Housing Company Tshwane: Operating lease payments represent rentals payable by the entity for its head office. The lease has no binding renewal terms and Housing Company Tshwane does not have the option to purchase the building. No contingent rent is payable. The lease payments for the financial year under review amounts to R345 471. Further does Housing Company have operating leases with regard to rentals payable by the entity for a copier machine. The lease payments for the financial year under review amounts to R39 572 and no contingent rent is payable.

The amounts of minimum lease payments under non-cancelable operating leases in respect of office equipment and properties are as follows:

Non-cancelable office equipment				
Payable within a year	2,257,727	4,454,144	410,198	1,507,826
Payable within 2 to 5 years	353,249	2,540,933	-	410,198
	2,610,976	**6,995,077**	**410,198**	**1,918,024**
Non-cancelable property leases				
Payable within a year	26,493,297	46,735,365	26,493,297	46,735,365
Payable within 2 to 5 years	12,730,906	39,890,851	12,730,906	39,890,851
	39,224,203	**86,626,216**	**39,224,203**	**86,626,216**
Non-cancelable vehicles - busses				
Payable within a year	57,600,000	-	57,600,000	-
Payable within 2 to 5 year	43,200,000	-	43,200,000	-
	100,800,000	**-**	**100,800,000**	**-**

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	2013 R	2012 Restated R	2013 R	2012 Restated R

54. Rental income straightlining

Gross investment in the lease due				
- within one year	19,975,622	18,380,165	19,975,622	18,380,165
- in second to fifth year inclusive	57,362,322	62,190,199	57,362,322	62,190,199
- later than five years	210,940,978	222,118,832	210,940,978	222,118,832
	288,278,922	**302,689,196**	**288,278,922**	**302,689,196**

55. Contingencies

Housing loan guarantees				
Guarantees for housing loans to employees at financial institutions	389,685	389,685	389,685	389,685

With the implementation of the MFMA no new guarantees are issued, the liability would therefore decrease in future. The property was used as collateral in cases of default of payments.

Indemnification				
Capitalised pension value in compliance with Compensation for Occupational Injuries and Diseases Act, 1993	61,476,642	53,260,876	61,476,642	53,260,876

The capitalised value as at 31 December as calculated by the department of Labour amounted to R61 476 642 (2012 = R53 260 876 and 2011 = R49 229 513). The actual amount ceded is R52 629 170. Consistent with prior years the amendment to the cession will be addressed in the following financial year.

Guarantees issued				
Guarantees issued in favour of Eskom	213,500	213,500	213,500	213,500

Insurance claims				
Pending claims iro asset-, motor own damage- contractors and electricity claims	79,550,866	378,524	79,550,866	378,524
Pending claims iro public liabilities	14,441,619	59,137,354	14,441,619	59,137,354
	93,992,485	**59,515,878**	**93,992,485**	**59,515,878**

Above mentioned insurance claims originated before 30 June.

The payment of claims against the City of Tshwane is provided for in the Self Insurance Reserve, which has a balance of R58 163 644 million (2011/12 = R109.7 million).

Litigation Matters:

The legal claims listed below are those that have arisen in the normal course of business and represent the possible amounts that could be awarded should the claims prove successful. The amounts have been based on the attorney's best estimates of the possible amount payable. Amounts have not been provided in certain cases as the court has not yet determined a value. The claims are divided in the under mentioned groups:

a. General Litigation

City Planning, Development & Regional Services Department

Case 1:
The applicant requested information from the City of Tshwane to enable the applicant to institute proceedings against the respondent. The information was provided as per the granted court order. The applicant then brought an action for damages against the respondent. The City of Tshwane is not involved as the Applicant requested no legal relief against the City of Tshwane. The City of Tshwane however decided to inform the court of our approach on the matter. This matter is being reported as there is a potential for the respondent to sue. The matter is still pending as a trial date and judgement is awaited.

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

55. Contingencies (continued)

Case 2:
The claimant had entered into agreements in respect of various advertising sites that were allocated to the claimant in terms of a council resolution in 2002. The various agreements were entered into in 2005 and in terms of the agreements the claimant was to erect advertising structures. These advertising structures were to generate income for the claimant and the City of Tshwane would, in turn, be entitled to monthly payment for the allocation of the sites. In 2007 the City of Tshwane cancelled the agreements because the claimant failed to comply with various terms of the agreements. City of Tshwane already pleaded in this matter. The consolidation of the claims and the counterclaims has been approved by the court. Due to reluctance of the plaintiff to set the matter down for hearing, the City of Tshwane is now in the process to apply for a trial date. Summons were issued against the City of Tshwane for the specific performance of the contracts between the plaintiff and City of Tshwane, alternatively damages to the amount of R15 300 000.

Case 3:
The City of Tshwane had previously sold a piece of land to the claimant in an amount of R29 000. Part of the condition of the land sale agreement was that the claimant would apply for street closure and rezoning; and affect all incidental requirements related therefore. The plaintiff was never party to the agreement. However, the plaintiff is of the opinion that they have an interest in the sale agreement as the relevant property sold borders their property. The proposed sale was advertised according to the prescribed procedure and no objections were received. The City of Tshwane awaits the confirmation of the trial date which must be requested by the plaintiff.

Case 4:
The applicant brought an application that the City of Tshwane declared to be ordinary members of the Boskoop Estate Property Owners Association (section 21 company) and that the City of Tshwane be compelled to enforce the conditions of establishment of Wapadrand Extension 44. The application was served on the City of Tshwane on 17 February 2011. In this regard the applicant brought the application against the developer of the estate as well as against the City of Tshwane and request the court to compel the City of Tshwane to enforce the conditions of establishment and to be declared to be in default of enforcing the conditions. If this application succeeds it will force the City of Tshwane to get involved in all section 21 companies which was created through the process of land use applications i.e. rezoning, township establishment and subdivisions. Attorneys were instructed to oppose the matter and and opposing affidavit was filed. A trial date is awaited.

Housing and Sustainable Human Settlement Development Department:

Case 1:
In this matter the property was expropriated by the City of Tshwane and compensation was paid. The owners did not agree with the compensation paid and brought action for additional compensation. This is a complicated matter and will have a bearing on other claimant's claims in the area as another expropriation was done in the area to provide low cost housing. The relief sought amounts to: R746 110 (compensation), R43 700 as solatium in terms of the Expropriation Act, payment of interest on R746 110. There is also a potential risk of a flood of claims. The matter was postponed "sine die" and cost reserved. The matter is set down for trial on 6 October 2011.

Case 2:
The matter relates to the expropriation of portion 34 of the farm Kameelzynkraal in order to establish an agri-village on the property. The expropriation was executed; however the matter was taken on review. The matter is still pending in court and confirmation from Housing Department is awaited regarding the suitability of the envisaged land for human habitation and the concomitant finances related thereto.

Case 3:
The plaintiff issued summonses against the municipality for the loss of rental in respect of the illegal occupiers and money lost for the cleaning of the property after the illegal occupiers were removed. The matter is defended and is pending.

Case 4:
The Mamelodi Concerned Committee together with three occupiers brought an application against the City of Tshwane, the Province and National Government to provide water, sanitation, housing and a detailed upgrading development plan as well as the time frames within which housing is to be provided to the applicants. The applicant further compels the City of Tshwane to provide the applicants with adequate basic temporary shelter and/or housing pending the obtaining of their permanent accommodation. The matter was opposed to protect the interest of the City of Tshwane. The City of Tshwane's opposing affidavit was served and filed. The applicant's replying affidavit is awaited. After the replying affidavit is received a court date will be obtained.

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	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

55. Contingencies (continued)

Case 5 - Housing Company Tshwane:
The claimant entered into an agreement with City Properties as a managing agent for the City of Tshwane in terms of which the claimant would provide guarding/security services at Schubart and Kruger Park complexes. Housing Company Tshwane took over the duties of City Properties and terminated the agreement with effect from 31 January 2008. The claimant is suing Housing Company Tshwane for R1 069 166 for non-payment of invoices relating to 2006 after their services has been terminated. It should be noted that at no stage did the claimant raise the alledged non-payment matter prior to their services being terminated on 31 January 2008. No contract existed between the claimant and Housing Company Tshwane at the time the claimant alleges to have rendered guarding services to Housing Company Tshwane. The claimant is not sure about what the alleged amount is owed, various amounts have been bandied about by the claimant.

Case 6- Housing Company Tshwane:
The claimant entered into an agreement with City Properties as a managing agent for the City of Tshwane in terms of which the claimant would provide maintenance and repair services at Schubart and Kruger Park complexes. Housing Company Tshwane took over the duties of City Properties and suspended the agreement on 1 December 2006. The claimant is suing Housing Company Tshwane for R86 613 for suspending the agreement.

Financial Service Department:

Case 1:
Plaintiff claims damages to the amount of R11 461 450 as she maintains that the tender for network maintenance should have been awarded to her. The application brought by the applicant was defective. The City of Tshwane is at present awaiting the amended claim, where after a decision will be taken on the way forward. A notice of exception was served on the applicant's attorneys as the amended particulars of the claim were still excipiable (not allowable).

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Case 2:
Claim against City of Tshwane for fees outstanding for work done in terms of contract to the amount of R207 589,99. The matter is defended as no agreement exists. However, the City of Tshwane entered into an agreement with a consortium to do certain work of which the plaintiff was a party. The consortium has been paid for the service rendered. This matter was set down for trial on 10 November 2009 but the plaintiff withdrew the application. The City of Tshwane is awaiting a further report from our attorneys whether the plaintiff is prepared to pay the City of Tshwane’s legal costs. Only after this report has become available a discussion will be taken whether an application must be brought to compel the plaintiff to pay the City of Tshwane's legal costs. The Legal Services department is still in a process to recover legal cost from the plaintiff.

Case 3:
In this matter a summons was issued against the City of Tshwane for an amount of R2 622 000 being for services rendered. In this matter the plaintiff claim that a written and oral agreement was concluded with the City of Tshwane in terms of which the applicant would develop a long term financial sustainability plan for the City of Tshwane. The matter was heard by the Court. The City of Tshwane opposed the application for summary judgment as lodged by the applicant as it does not conform to the requirements for a summary judgment in this specific case. The Court granted the City of Tshwane leave to defend and the cost was reserved. In the meantime the applicant has lodged his amended application. This amendment to the application as aforementioned will be opposed by the City of Tshwane. The City of Tshwane awaits a trail date.

Case 4:
The plaintiff issued a summons in which debatement (reconciliation) of two service accounts are requested as the plaintiff avers that these accounts are defective and inadequate in certain respects. The summons was served on the City of Tshwane on 1 March 2011. In this regard the plaintiff avers that two service accounts are not correct and defective. The plaintiff also avers that the plaintiff has requested the City of Tshwane to debate the service accounts which were not done. This is the reason why they issued summons. To defend the action and put the City of Tshwane’s version of the history of the two accounts (debit to the amount of R49 636.10 and credit to the amount of R5 000.00), before the Court. The City of Tshwane is proceeding to file an exception to the summons.

Case 5:
The plaintiffs issued a summons against the City of Tshwane in which the plaintiffs request delivery of all accounts and documents that relate to all bulk services contributions claimed in the by the City of Tshwane from subsequent developers that connected to the sewer line erected by the plaintiff which must be refunded to the plaintiffs. The plaintiffs further aver that the City of Tshwane might owe them money. The City of Tshwane is proceeding to file an exception to the summons.

55. Contingencies (continued)

Case 6:
Implementation of the NERSA (National Electricity Regulator of South Africa) ruling regarding the adjustment and crediting of the applicant's account. The applicant had queried an account on the basis of electricity charges. The applicant questioned the accuracy of the City of Tshwane's meter. As such the applicant approached the Court on an urgent basis to compel the City of Tshwane to refer the dispute to NERSA and not to implement credit control policies pending ruling by NERSA. The matter did eventually go to NERSA and NERSA made a ruling to the effect that the City of Tshwane had to credit the applicant's account with an amount of R42 599,19. Despite this ruling being made in 2009 the Finance Department has not implemented the NERSA decision. It is the view of the Finance Department that the NERSA decision is wrong as it was based on a report which contained wrong calculations.

Case 7:
The matter pertains to a dispute relating to legal fees. Apparently the municipality verbally ("orally engaged the services of") instructed a service provider in September 2005 to do debt collection on behalf of the municipality and that the municipality owes the legal firm R1 657 251 (being legal cost on work done on 951 files). Matter is defended.

Case 8:
The plaintiff instituted an action for the re-payment of property rates to the municipality and which is alleged not to have been due. The matter is on the roll for 14 September 2011.

Case 9:
The plaintiff instituted action for the re-payment of property rates paid to the municipality and which is alleged not to have been due in the amount of R438 640.94. Matter removed from the roll on 20 April 2011. Each party pays its own cost. New trial date received 26 November 2011.

Case 10:
The applicant brought an application for the review of tender CB367/2011 in terms of which two contractors were awarded to provide print services to the City of Tshwane. The claimant is requesting that the decision by the City of Tshwane and the Bid Committee to award tender CB367/2011 be reviewed and set aside. The matter was opposed. The record of proceedings will be filed as required at court and requested in the application.

Case 11
An urgent application was received in which the applicant requested that the City of Tshwane be restrained and interdicted from implementing tender CB198/2011 for the supply, delivery, installation, testing and commissioning of optical fibre cabling and then in Part B, the review of the awarding of the tender. Attorneys were appointed to oppose the matter and to file an opposing affidavit. The affidavit has been filed and a replying affidavit from the applicant is awaited where after the matter will be set down for trial.

Corporate and Shared Services: Property Management and Community Safety:

Case 1:
The applicant and the municipality entered into a written agreement for the sale of erf 549 Erasmus Extension 2. The agreement was subject to the suspensive condition which neither the applicant nor the municipality fulfilled for a period of 5 years. The plaintiff subsequently instituted an action for the transfer of the property at the original purchase price, the property which is worth a considerable amount more now. The matter was defended successfully in court, however, the applicant applied for leave of appeal. This matter is set down for trial in the Supreme Court of Appeal on 20 August 2012.

Case 2:
Payment of invoices for repairs done to one of the vehicles. Awaiting trial date.

Case 3:
Motor vehicle accident. The plaintiff alleges that the traffic officer caused the accident on 1 September 2009 at Poort Primary School on the Kameeldrift Road and since, at all material times, the traffic officer was acting within the scope of his employment the municipality is vicariously liable for the damages caused to the plaintiff's car to the amount of R29 238.04. The applicant secured a default judgment against the former Nokeng Municipality without the said municipality being aware of the application since it was not served on the municipality. Matter is defended to set aside the default judgment.

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

55. Contingencies (continued)

Public Works and Infrastructure Development Department: Roads & Storm water:

Case 1:
The plaintiff is suing the City of Tshwane for an amount of R2 616 642 plus interest and costs. This matter stems from three contracts entered into between the erstwhile Northern Pretoria Metropolitan Sub-Structure on the one hand and plaintiff as a joint venture during 2003. The contractors had to, in terms of the agreements, construct and complete the work, as defined and remedy any defects therein, in accordance with the provision of the three contracts. The contractor claimed to have constructed and completed the works to the satisfaction of the engineer and the City of Tshwane. The contractor alleges, that due to the non performance on the part of the municipality in not providing them information and the failure to move the existing services (to allow construction to progress), the project suffered serious delays which resulted in time delays and they suffered damages.

Case 2:
The plaintiff was injured in 1996 when she drove through a pothole, lost control of her car and collided into a tree. Summons was issued in 1999 for an amount of R450 000 plus interest for injuries sustained. The matter was defended. A trial date for the adjudication of the quantum is awaited for the settlement.

Case 3:
Breach of contract, tender awarded to plaintiff. Plaintiff failed to live up to tender specifications and the City of Tshwane cancelled the contract and is now being sued for R 1 401 516. Matter is defended.

Case 4:
Breach of contract. Plaintiff awarded tender to construct roads and storm water drainage in Winterveld. Plaintiff failed to live up to tender specifications and is now suing the City of Tshwane for the tender amount of R690 446.30. The City of Tshwane instructed another contractor to complete the work. Matter is defended.

Case 5:
Breach of contract. Plaintiff instructed to sandblast and paint 1 820 cubic meter bins which were not collected and now kept as lien. Plaintiff is suing for storage costs at R2 299 500. Matter is defended.

Case 6:
Contractual claim for payment, arising out of contractual disputes consisting of payment for work done and costs incurred due to adverse conditions experienced on site, over and above amounts paid as the contract price. The consulting engineer refused to pay for claims. Adjudicator ruled that the contractor was entitled to claim additional payment. Plaintiff issued summons to claim payment of R6 683 428.18. The matter is defended.

Case 7:
Contractor alleged that they encountered adverse conditions on site which led to them expanding more work and expenses in order to carry out the construction of the sewer network infrastructure in Temba, Ramotse, Marokolong, Kudube (5, 8, 9), Leboneng, Stinkwater (A-D). There is a compliant about labour unrest and a disagreement about the measurement of manholes. Contractor had submitted claims for payment for the additional work and expenses incurred but the consulting engineer had refused to pay or make a determination on them. As result, a dispute was declared and the matter is now in arbitration. The matter is defended.

Case 8:
Plaintiff was appointed as project manager for the Refilwe Extension 2,3, and 5 Housing Project at a cost of R1 650 per stand, inclusive of VAT, for a maximum of 670 stands. For some reason the construction project agreement between the municipality and Gauteng Department of Housing was never finalised. The appointment of the applicant was conditional upon the commencement of the Construction Project Agreement between the municipality and the Gauteng Department of Housing. The amount owing on 10 January 2007 was R1 012 000. The service provider is suing for this amount plus 15.5% interest. The matter is defended.

Case 9:
Personal injury allegedly caused by the municipality's negligence, by leaving cables hanging and the substation's door open and as a result a young boy was electrocuted and his body sustained 90 degree burns. The municipality's approach is to proceed with the matter and finalise it as the municipality was not negligent on this matter. The matter was defended and was later removed from the roll. Awaiting trial date.

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	R	R	R	R

55. Contingencies (continued)

Agricultural and Environmental Management

Case 1:
The plaintiff issued summons for damages for the alleged breach of contract by appointing two new contractors before the expiry of the tender. Relief sought is payment in the amount of R99 689.00 (excluding vat); Interest on the aforesaid amount and at the rate of 15.5% per annum as from 30 June 2009 to date of payment; payment in the amount of R82 696 (excluding vat). Interest on the aforesaid amount at the rate of 15.5% per annum from 31 July 2009; payment in the amount of R97 349.00, Interest on the aforesaid amount at the rate of 15.5% per annum as from 31 August 2009 to date of payment; payment in the amount of R 73 308.50. Interest on the aforesaid amount at the rate of 15.5% per annum as from 30 September 2009 to date of payment. Payment in the amount of R 79 181. Interest on the aforesaid amount at the rate of 15.5% per annum as from 31 October 2009 to date of payment. Cost of the suit. Further and/or alternative relief.

Social Development Department, Sport and Recreation

Case 1:
Application for rescission of judgement taken against the erstwhile City Council of Centurion for payment of license fees relating to music licenses (music was allegedly piped through the City of Tshwane's systems in public halls). The City of Tshwane is seeking an order setting aside the judgement taken in default by the Southern African Music Rights Organisation for payment of an amount of R14 969, 66 in license fees. The City of Tshwane has launched an application for rescission of judgement. The City of Tshwane contention is that the summons was not properly served. The summons was issued against the Centurion Town Council which no longer exists. The summons was also issued in Johannesburg Magistrates Court while the said court does not have jurisdiction. In addition the amounts claimed have prescribed. Awaiting court date.

b. Court matters for Finance Service Department (Debt Collection):

Urgent applications were also served on the City of Tshwane to obtain a Court order to re-connect disconnected services. Further legal actions, including applications for Contempt of Court, were instituted by the applicants to compel the City of Tshwane to adhere to the orders granted. The cost orders that were granted against the City of Tshwane amounts to a minimum of R20 000 per case. Currently 80 such cases are pending.

c. Labour prosecutions:

The municipality is involved in litigation with certain employees whose employment was terminated as a result of re-organization or dismissals due to disciplinary reasons, disputes in respect of allowances, placing policies, disputes with unions and SALGA, etc. The following is a summary of the cases:

Case 1:
Senior employees of disestablished municipalities e.g. City Council of Pretoria, Centurion, GPMC and Northern Pretoria Metropolitan Sub-structure: These employees are stating that they have not been employed in the positions they used to occupy before the disestablishment. It could have a huge financial implication as these employees will have to be paid severance packages. Settlement agreement signed on behalf of SALGA and various municipalities that revolve around the re-employment of former permanent employees on fixed term contracts (commonly known as "section 56 employees"). The case is still to be heard in court. The applicants will in all probability not proceed with their case against the City of Tshwane.

Case 2:
An employee issued summons against Council out of the High Court. Applicant approached Court on the pretext that City of Tshwane breached his sec. 57 contract. Applicant is suing the municipality from all fora available to him. The City of Tshwane could be liable for breach of contract as well as other costs. The Court ordered that the matter be removed from the roll and costs to be awarded against Applicant. The applicant has submitted a request for rescission of the initial award and the Order of 6 December 2010. The City of Tshwane is waiting for the outcome of the matter.

Case 3:
Approximately 43 metro police members: Unfair labour practice relating to promotion. Applicants claimed that they should be promoted to senior superintendents in the Metro Police Division

Case 4:
Unfair dismissal. The employee's services had been terminated after it was discovered that their re-employment to the City of Tshwane had not been in line with the recruitment and selection policy of the City of Tshwane. They approached the SALGBC with a dispute of unfair dismissal. The court order is awaited

55. Contingencies (continued)

Case 5:
Claimant and 99 other metro-police constables: Applicants lodged an application at the High Court claiming to be accelerated progressed to the rank of sergeants in terms of the grading scheme and on grounds of a legitimate expectation created by the City of Tshwane in this respect. A Notice of Opposition was filed and an opposing affidavit. Applicants seem not to pursue their case any further and the City of Tshwane has instructed the attorney to close his file and provide the Legal Services with his account.

Case 6:
Claimant is taking an award against him on review to Labour Court. Claimant approached an arbitrator and requested that he be promoted to the rank of Director in the Community Safety department (Metro-Police). He complained that he applied for the position but was not short listed nor invited to job interviews. The Arbitrator ruled that he in fact did not apply for the position and dismissed his claim. He is now taking this award on review to Labour Court. A Notice of Opposition was filed. City of Tshwane is awaiting the transcript of the record of the Arbitration where after the parties need to comply with the Rules of the Court before the matter will be set down for hearing.

Case 7:
Unfair dismissal - The employee had been dismissed for misconduct at the Disciplinary Tribunal of the City of Tshwane. The employee now challenges the dismissal as being both procedurally and substantively unfair. This matter is in the process of complying with the Rules of the Court and awaits the date of hearing soon after completion of the court process.

Case 8:
Unfair Labour Practice relating to promotion in terms of the Alternative Service Delivery (ASD) Migration and Placement collective agreement. This matter is in the process of complying with the Rules of the Court and awaits the date of hearing soon after completion of the court process. The Applicant has in the meantime approached City of Tshwane with an offer to resign should an amount of R600 000 be paid to him as settlement. This is the approximate amount he lost would he have been appointed to the position he claimed to be in. Electricity and Energy Division is in favour of this settlement and a report to this effect has been prepared for approval by the Accounting Officer.

Case 9:
Solidarity o.b.o. Augusto & 28 others: Claim i.t.o. sec. 77(3) & 77(A) of the B.C.E.A., claim for unpaid salaries, unlawful deductions and their contracts of service. Applicants were employed by a labour broker contracting to the City of Tshwane. The broker deducted certain amounts from the salaries of the employees. The broker then went into liquidation leaving the employees only with a claim against Council as we are held jointly and severally liable with the broker i.t.o. labour legislation. The Department has however withheld certain payments to the broker due to invoices not submitted and the bulk of their claims centered on these outstanding amounts. A settlement was negotiated with the contractors and we are in the process of finalizing the case. Council has done away with hiring workers via labour broking firms. Figures were given through and the City of Tshwane are awaiting a final reply.

Case 10:
Unfair Labour Practice relating to promotion. The employee had successfully obtained an arbitration award in his favour against the City of Tshwane at the SALGBC that he be appointed and / or promoted to a senior position. This matter is in the process of complying with the Rules of the Court and awaits the date of hearing soon after completion of the court process.

Case 11:
Applicant alleges that he was demoted when the structure changed and he now had to report to an official in a higher job level as previously he reported to the Speaker. Applicant's attorney approached the City of Tshwane to investigate the possibility of termination of his contract but that he is paid out for the rest of his fixed term.

Case 12:
Review of an award made against the former Kungwini Local Municipality to the amount of approximately R4 million based on the wrongful interpretation and application of an upgrading of the local authority to a higher grade culminating in the abolishment of job levels 14 and 15 and the employees on those levels transgressing to level 13. Applicants argued that all other employees of the municipality should likewise be transgressed to higher levels and the arbitrator agreed with them and made such an order. The matter is being defended. Heads of argument to be filed by the parties.

Case 13:
Dismissal after a disciplinary hearing. The applicant was charged with fraud pertaining to the issuing of clearance certificates and subsequent refunds that were due to the applicant (members of the community) for the clearance certificate if the property was transferred before the expiry date. He was subsequently found guilty in absentia by the disciplinary committee since he failed to attend the hearing without a valid reason and was dismissed. The matter is defended and the municipality shall claim costs.

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	R	R	R	R

55. Contingencies (continued)

Case 14:
The Applicant brought an application against the City of Tshwane and the City Manager for an order declaring that the City of Tshwane should contribute towards the monthly premium payable by the second and third applicants to the medical aid scheme after their retirement in terms of the applicable pension fund rules. The matter was opposed and the necessary papers were filed. This matter could have far reaching effect and financial implications for the City of Tshwane if such an order is granted.

Case 15
Plaintiff alleges that his contract of employment was unlawfully terminated by the the City of Tshwane. As a result he had to find another employment at a lower salary. Plaintiff now claims from the City of Tshwane the difference in the reduced salary and his previous salary. Plaintiff took the unfair dismissal to the labour court and won and was awarded damages. Plaintiff wants the City of Tshwane to pay damages amounting to R2 500 000. The matter is defended.

Case 16
Plaintiff alleges that a contract of employment was repudiated by the City of Tshwane. Consequently, the plaintiff suffered damages as a result of such repudiation and is now claiming damages from the City of Tshwane to the amount of R5 464 800. The matter is defended.

d. Litigation matters that have a strategic and financial impact on the management of City of Tshwane:

Case 1:
The applicant referred a claim to the amount of R32 000 000 to arbitration which claim emanates from services the applicant allegedly rendered for the City of Tshwane in terms of a contract to refurbish Loftus Versveld for the 2010 World Cup. In this matter the applicant had a contract with the City of Tshwane to refurbish Loftus Versveld stadium. His contract was cancelled. He now avers that there are monies owed to him. The matter will be referred to arbitration and we expect that an arbitrator will be appointed soon. This matter is still in process.

Case 2: Wage Curve Agreement:
Contingencies arising from pending litigation on wage curve agreement - On 21 April 2010 SALGA signed the “Categorisation and job evaluation wage curves collective agreement” (wage curve agreement) with IMATU and SAMWU on behalf of municipalities. The agreement established the wage curves and wage scales to be used by municipalities in determining the wages of municipal employees, based on an evaluation of employees’ jobs per the TASK job evaluation system. Subsequent to the signing of the agreement, the unions declared a dispute with the agreement. The dispute was referred to the Labour Court and the court delivered a ruling on 22 June 2012 that employees receive a salary increase backdated with effect from 1 July 2010 instead of 1 July 2011. SALGA, on behalf of municipalities, applied for leave to appeal this ruling and was granted the right to appeal against the judgement on 29 August 2012. To date this Labour Court of Appeal case has not been finalised. As a result of the uncertainties arising from the dispute declared by the unions and the pending litigation regarding the wage curve agreement, the municipality may have an additional receivable/payable for employee wages, depending on the outcome of the pending litigation. In addition, feedback on calculations done by the city regarding the job evaluation has not yet been received from SALGA. It is not practicable to reliably estimate the amount of this receivable/ payable prior to the outcome of the pending litigation.

56. Change in estimate

Property, plant and equipment

The useful lives of all asset classes have been reviewed and adjusted to more accurately reflect the period of economic benefits or service potential derived from these assets. Refer to note 12 under property, plant and equipment for a discussion on the basis on which the review of useful lives was done.

The effect of changing the remaining useful lives has increased the depreciation charge for the current and future periods. The total number of assets affected is 434 996

Landfill sites

The useful lives of landfill sites have been reviewed and adjusted (if applicable) after closure of some sites to more accurately reflect the life spans of the assets. The incorporation of the landfill site of Kungwini Local Municipality also affected the depreciation charges for the 2011/12 financial year.

Housing Company Tshwane reviewed the useful life of certain plant from 5 to 10 years and the effect of this revision decreased the depreciation charges by R31 395.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

56. Change in estimate (continued)

Effect of change in estimates				
Other and infrastructure assets	69,971,171	11,513,046	69,971,171	11,513,046
Housing Company: other assets	31,395	-	-	-
Landfill sites	-	3,723,913	-	3,723,913
	70,002,566	**15,236,959**	**69,971,171**	**15,236,959**

57. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and then reports them to the next meeting of the accounting officer and includes a note to the consolidated annual financial statements.

In terms of section 36(1)(a) of the Supply Chain Management Regulations, the accounting officer may dispense with the official procurement processes in the following instances:
- in an emergency
- if such goods or services are produced or available from a single provider only
- for the acquisition of special works of art or historical objects where specifications are difficult to complete
- acquisition of animals for zoos and/or nature and game reserves
- in any other exceptional case where it is impractical or impossible to follow the official procurement processes

Deviation from tender and quotation process:
* Sole suppliers
* Emergency
* Impracticality

Housing Company Tshwane deviated from the official procurement processes during the financial year due to emergencies and services available from a single supplier -
* in an emergency (R264 846)
* services available from a single provider only (R76 448)

In terms of section 36 of the Municipal Supply Chain Management Regulations, any deviation from the supply chain management policy needs to be approved/condoned by the accounting officer and noted by Council. Deviations from the official procurement process during the financial year were approved by the accounting officer and noted by council in terms of the delegations as stipulated in the Supply Chain Management Policy and amount to approximately the following:

Deviation from tender process (amounts above R200 000)				
Other deviations: various reasons	80,819,516	207,447,934	80,819,516	207,447,934
Housing Company Tshwane	264,846	-	-	-
Less: Transfer to irregular expenditure iro ex facto payments (note 48)	-	-	-	(5,903,837)
	81,084,362	**207,447,934**	**80,819,516**	**201,544,097**

Deviation from quotation process				
Amounts below R200 000	389,266	10,463,298	389,266	10,463,298
Housing Company Tshwane	76,448	-	-	-
Sandspruit Works Association	297,225	1,069,953	-	-
TEDA	36,822	-	-	-
Less: Transfer to irregular expenditure iro ex facto payments (note 48)	-	(696,936)	-	(696,936)
	799,761	**10,836,315**	**389,266**	**9,766,362**

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

58. Budget differences

Material differences between budget and actual amounts

It is general practice to deem a 10% deviation on operational revenue and expenditure versus the final budget as material and for capital expenditure the percentage deviation is 5%

The following revenue and expenditure line items showed a material variance for the year ended 30 June 2013:
* Investment revenue (35% over): The interest earned on external investments increased due to an increase in the amount of investments
* Fines (15% over): More fines were received than budgeted for
* Other revenue (20% under): Reveue on various line items realised lower than anticipated during budget process.
* Licences and permits (16% over): More licences and permits were taken out than anticipated.
* Remuneration of councillors (4% over)
* Debt impairment (13% over): The provision for bad debt is re-calculated at year end and it exceeded the planned impairment. This is a non-cash item.
* Depreciation and amortisation (16% over): This is due to the purification of the asset register and capitalisation of assets under construction. This is a non-cash item.
* Finance charges (6% over): Exceeded the budget mainly due to the restructuring of the loan book and the interest rate swaps the municipality entered into during 2012/13.
* Bulk purchases (6% under): Underspent due to saving measures instituted.
* Other materials (17% under): Underspent due to saving measures instituted.
* Transfers and grants (18% under): This expenditure (grants-in-aid) is dependent upon applications submitted by consumer debtors for rebates on assessment rates and less apllications were received than anticipated.
* Other expenditure (38% under): This is the result of savings on coal and heating fuel purchases, under spending on project linked housing, LED initiatives, EPWP job creation, lease of office equipment, insurance premiums and excesses, etc.

The capital expenditure did not show a material variance for the year ended 30 June 2013 as 99% expenditure was achieved.

Changes from the approved budget to the final budget

The mid-year budget review report approved by the Council on 31 January 2013, indicated the necessity for an Adjustments Budget for the 2012/13 financial year for, inter alia the following:
- to adjust the revenue estimates downward owing to a declining tend in certain operating revenue sources, such as "Service charges: Electricity"
- to authorise the utilisation of projected savings in one vote towards spending under another vote
- to facilitate the inclusion of rolled over/transfer grant funding
- to correct errors, which can be attributed to i.e. the regionalisation process

The Council approved the 2012/13 Original Revenue Budget to the amount of R20.5 billion which was decreased with R176.3 million to R20.3 billion (decrease of 0.9%). Furthermore, the total expenditure of R20.8 billion was reduced with an amount of R423.0 million to R20.4 billion (decrease of 2.0%). As a result the budgeted deficit of R289.2 million was decreased to R42.5 million, indicating the City's strategy towards long-term financial sustainability.

59. Co-operative relationships

The City of Tshwane is involved in the following PPP's (only co-operative relationships) (existing contracts/agreements)
- Health & Social Development with Foundation for Professional Development iro Multi Sectorial AIDS Management
- Health Care Service with Elisabeth Glaser Pediatric Aids Foundation - prevention of AIDS transmission from mother to child
- Health & Social Development with Carel du Toit Hearing Centre - conduct audiometric tests targeting hearing acuity for children
- Health & Social Development with Foundation for Professional Development - public service to identify epidemiological and community service data that will assist in directing public, private, international and other non-governmental bodies in addressing needs of people affected by HIV
- Health & Social Development with Znimpilo (NGO) - conduct research project on why males are reluctant to visit PHC clinics in Atteridgeville
- Health & Social Development with NAFCI: Establishing youth friendly services in Mamelodi West, Lotus Gardens, Atteridgeville and Saulsville PHC clinics
- Emergency Services:Fire Protection Associations (FPA's) in the rural areas – Their role is to assist in fire fighting on veld and forest fires in terms of the National Veld and Forest Fire Act, 1998 (Act 101 of 1998)
- Health Department with Maasmechelen Municipality for capacity building in respect of Community Structures (Working together as local authorities
- Health & Social Development with HSRC iro prevention strategy targeting commercial sex workers
- City of Tshwane has a joint venture with GDARD on mechanization scheme. MoV was signed between the 2 parties articulating association of the 2 organisations.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

60. Distribution losses: Water

Non-revenue Water (NRW) - kilolitre				
Technical losses (real losses)	62,157,183	66,557,002	60,089,893	64,962,244
Non-technical losses (apparent losses)	18,061,401	19,002,766	15,022,473	16,240,560
	80,218,584	**85,559,768**	**75,112,366**	**81,202,804**
Non-revenue Water (NRW) - Rand value				
Technical losses (real losses)	312,482,476	302,883,311	301,050,363	295,643,111
Non-technical losses (apparent losses)	92,067,863	86,451,195	75,262,591	73,910,778
	404,550,339	**389,334,506**	**376,312,954**	**369,553,889**

Water is supplied to the group from Rand Water and from the City's own water sources. Monthly meter readings of the supply are used to monitor the total gross supply and monthly meter readings of water exported to the neighbouring municipalities are used to calculate the net water input into the City.

Water loss management in the city is monitored, managed and controlled by the implementation of the Water Conservation and Water Demand Management strategies. The primary outcome of these strategies is to reduce:
* Technical losses (where not all water supplied reached the consumer, and
* Financial losses (where not all water reaching the consumer is paid for).

These losses are caused by:
- Real losses (physical loss of water from the system), and
- Apparent losses (losses due to meter inaccuracies, meter estimations, non-metering of water and unauthorised consumption - this is water consumed not properly measured, accounted and paid for).

From the above, water losses in the city is determined by calculating the amount of non-revenue water (NRW) which is the difference between the volume of water supplied into the system and the authorised consumption.

Activities undertaken by the Water and Sanitation Division involve the continuous investigation into various factors leading to water loss and the implementation of various initiatives to assist with the reduction of non-revenue water. These investigations with subsequent mini projects are often cross-region initiatives where work performed in one region directly affects other regions. The initiatives include the following:-

* Network analysis of existing systems
* Monitoring and logging of pressures and flows
* Engineering investigations in problematic areas
* Pressure management - installation and setting of PRV's and/or PRV controllers
* Domestic and commercial meter audits and meter replacements
* Active leak detection by locating water leaks using various methods and equipment
* Continuous meter audits.

At the end of June 2013 the NRW for the municipality is calculated at 75 112 366 kl (23.6% of the total input into the system). This is a marked improvement of NRW in the city when compared to June 2012 where the NRW was 81 202 788 kl (25.5% of the total input into the system). The losses in R-value amounts to R376.3 million (2012 = R369.6 million). The calculation is based on the unit tariff of Rand Water purchases per kilolitre at R4.551 for 2011/12 and R5.01 for 2012/13 respectively.

At the end of June 2013 the NRW for the group is calculated at 80 218 584 kl (22.7% of the total input into the system). This is a marked improvement of NRW in the city when compared to June 2012 where the NRW was 85 559 768 kl (24.2% of the total input into the system). The losses in R-value amounts to R404.6 million (2012 = R389.3 million). The calculation is based on the unit tariff of Rand Water purchases per kilolitre at R4.551 for 2011/12 and R5.01 for 2012/13 respectively. The total loss in Rand value is likewise considerably higher than last year, due to the substantial increase in NRW and the Rand Water tariff.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

61. Distribution losses: Electricity

Distribution loss: kWh				
Technical	702,576,319	632,440,340	702,576,319	632,440,340
Non-technical	404,483,224	644,035,079	404,483,224	644,035,079
	1,107,059,543	**1,276,475,419**	**1,107,059,543**	**1,276,475,419**
Distribution loss - Rand value				
Technical	395,199,179	322,607,817	395,199,179	322,607,817
Non-technical	227,521,814	328,522,294	227,521,814	328,522,294
	622,720,993	**651,130,111**	**622,720,993**	**651,130,111**

The electricity distribution loss comprises of technical and non-technical losses. For the 2012/13 financial year the distribution losses amount to 11.03%. The annual electricity distribution loss are made up of technical and non-technical losses which are the difference between electricity purchased and electricity sold.

The City of Tshwane's has a five year target to reduce the non-technical losses activities like theft, illegal connections to less than 2%. The refurbishment of the electricity network will assist in managing the technical losses because the technical losses increase with the ageing of the electricity network. The five year target is to have unaccounted losses to 9% (7% technical and 2% non-technical losses).

Non-technical losses:

Non-technical losses are amongst others the result of administrative and technical errors, negligence, theft of electricity, tampering with meters and connections which form part of illegal consumption, faulty meters, etc. The acceptable industry standard for the technical losses is between 5% and 6%, and 9% for non-technical losses. The value of non-technical loss amounts to R227,5 million or 404 483 224 kWh (2011/12 = R328,5 million or 644 035 075 kWh) based on the cost per unit purchased namely 56.25 c/kWh (2011/12 = 51.01 c/kWh) for the 2012/13 financial year.

The City of Tshwane's Services Infrastructure Department is currently busy with the following initiatives to reduce the non-technical losses:
* Installation of non-intrusive meter boxes
* Auditing of metering installation
* Installation of smart meters
* Regular illegal cable removal operations

Technical losses:

Technical losses are the result of electricity losses while being distributed from the source of generation through the transmission and distribution network to the final consumer. The wires (copper or aluminium) being used to distribute electricity has certain resistance which resist the throughput of current, as a result there is a certain portion of electricity that is lost due to distribution. The NERSA acceptable figure for a network like that of the City of Tshwane is estimated to be 7%.

The value of technical loss amounts to R395,2 million or 702 576 319 kWh (2011/12 = R322,6 million or 632 440 340 kWh) based on the cost per unit purchased namely 56.25 c/kWh (2011/12 = 51.01 c/kWh) for the 2012/13 financial year.

The City of Tshwane's Services Infrastructure Department is further also busy addressing the technical losses by:
* Refurbishing and replacing old equipment in the network
* Strengthening over-headlines

Notes to the Consolidated Annual Financial Statements

62. Transfer of functions

During the current reporting period

Transfer of function 1 - 2013

The name of the acquiree	Retail and bulk water services functions managed by Magalies Water in the Greater Temba area
Description of the acquiree	District Municipality
The acquisition date of the transfer of function	1 November 2012
The primary reasons for the transfer of functions	Mayoral Committee resolution dated 16 May 2012 to take over the provision of retail water services in the Greater Temba area and the operation and management of the Temba and Roodeplaat Water Treatment Works
The acquirer obtained control of the acquiree in the following manner	Take over of water service debtors on 1 November 2012, certain property, plant and equipment and inventory items.
The acquisition-date fair value of the total consideration transferred	Zero

Assets and liabilities

Major class of asset and liabilities	Take-on balance	Fair value	Gain/(loss) on transfer of function
Consumer debtors	154,148,659	154,148,659	-
Cash and cash equivalents (receipts - debtors)	25,639,479	25,639,479	-
Property, plant and equipment	131,924	131,924	-
Inventory	1,570,170	1,570,170	-
Accumulated surplus/(deficit)	(19,158,418)	(19,158,418)	-
	162,331,814	**162,331,814**	**-**

Notes to the Consolidated Annual Financial Statements

62 Transfer of functions (continued)

During the prior reporting period

Transfer of function 1

The name of the acquiree	Metsweding District Municipality
Description of the acquiree	District Municipality
The acquisition date of the transfer of function	1 July 2011
The primary reasons for the transfer of functions	Provincial Gazette Extraordinary No 128, of the Local Government: Municipal Structures Act (Act 117 of 1998) establishing the new boundaries of the City of Tshwane Metropolitan Municipality. Incorporation of the former Metsweding District Municipality, Nokeng-tsa-Taemane and Kungwini Local Municipalities into the City of Tshwane.
The acquirer obtained control of the acquiree in the following manner	Take over of all assets and liabilities on 1 July 2011.
The acquisition-date fair value of the total consideration transferred	Zero

Assets and liabilities

Major class of asset and liabilities	Take-on balance	Fair value	Gain/(loss) on transfer of function
Receivables	895,369	895,369	-
Cash and cash equivalents	27,525	27,525	-
Property, plant and equipment	6,245,461	7,059,877	814,416
Intangible assets	301,268	301,268	-
Provisions	(409,973)	(409,973)	-
Unspent conditional grants	(2,371,568)	(2,371,568)	(2,371,568)
Trade and other payables	(2,190,469)	(1,755,406)	435,063
Reserves	-	-	2,497,613
	2,497,613	**3,747,092**	**1,375,524**

Transfer of function 2

The name of the acquiree	Nokeng-tsa-Taemane Local Municipality
Description of the acquiree	Local Municipality
The acquisition date of the transfer of function	1 July 2011
The primary reasons for the transfer of functions	Provincial Gazette Extraordinary No 128, of the Local Government: Municipal Structures Act (Act 117 of 1998) establishing the new boundaries of the City of Tshwane Metropolitan Municipality. Incorporation of the former Metsweding District Municipality, Nokeng-tsa-Taemane and Kungwini Local Municipalities into the City of Tshwane.
The acquirer obtained control of the acquiree in the following manner	Take over of all assets and liabilities on 1 July 2011
The acquisition-date fair value of the total consideration transferred	Zero

Notes to the Consolidated Annual Financial Statements

62 Transfer of functions (continued)
Acquired assets and liabilities

Major class of assets and liabilities	Take-on balance	Fair value	Gain/(loss) on transfer of function
Receivables	20,099,327	19,953,423	(145,904)
Inventory	52,233	52,233	-
Cash and cash equivalents	3,676,949	3,676,949	-
Property, plant and equipment	379,462,061	420,429,289	40,967,228
Intangible assets	286,392	286,392	-
Loans and receivables	448,987	370,344	(78,643)
Provisions	(19,850,727)	(19,036,798)	813,926
Consumer deposits	(2,525,842)	(2,525,842)	-
Unspent conditional grants	(28,616,727)	(28,616,727)	(28,616,727)
Trade and other payables	(62,939,326)	(61,479,466)	1,459,860
Long-term loans	(2,869,517)	(2,869,517)	-
Finance leases	(474,322)	(252,879)	221,443
Bank overdraft	(912,772)	(912,772)	-
Accumulated surplus	-	-	285,836,716
	285,836,716	**329,074,629**	**300,457,899**

Transfer of function 3

The name of the acquiree	Kungwini Local Municipality
Description of the acquiree	Local Municipality
The acquisition date of the transfer of function	1 July 2011
The primary reasons for the transfer of functions	Provincial Gazette Extraordinary No 128, of the Local Government: Municipal Structures Act (Act 117 of 1998) establishing the new boundaries of the City of Tshwane Metropolitan Municipality. Incorporation of the former Metsweding District Municipality, Nokeng-tsa-Taemane and Kungwini Local Municipalities into the City of Tshwane
The acquirer obtained control of the acquiree in the following manner	Take over of all assets and liabilities
The acquisition-date fair value of the total consideration transferred	Zero

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

62 Transfer of functions (continued)
Acquired assets and liabilities

Major class of assets and liabilities	Take-on balance	Fair value	Gain/(loss) on transfer of functions
Receivables	123,384,014	100,235,644	(23,148,370)
Inventory	1,928,004	1,925,254	(2,750)
Cash and cash equivalents	1,690,997	1,690,997	-
Property, plant and equipment	783,194,004	840,231,215	57,037,211
Intangible assets	663,518	663,518	-
Provisions	(33,221,460)	(24,250,921)	8,970,539
Consumer deposits	(11,939,062)	(11,939,062)	-
Unspent conditional grants	(16,421,156)	(16,421,156)	(16,421,156)
Trade and other payables	(241,076,588)	(217,918,172)	23,158,416
Long-term loans	(20,750,543)	(20,750,543)	-
Finance leases	(214,296)	(199,471)	14,825
Accumulated surplus	-	-	587,237,432
	587,237,432	**653,267,303**	**636,846,147**

Gain/(loss) recognised in current reporting period

Gain/(loss) recognised	-	1,033,166,378	-	1,033,166,378

2013:
Magalies Water - the balances of consumer debtors were brought in from 31 October 2012 (opening balance) and then the levies and receipts for each month from November 2012 to June 2013. The value of assets and inventory was brought in from a list that was made available. The consumer debtors were migrated onto the municipality's billing system during August 2013 and the final reconciliation and determination of the gain/loss will be determined during the 2013/14 financial year. The balance of the bank account in the records of Magalies Water which are ring-fenced for consumer debtor payments will be paid over to City of Tshwane during 2013/14.

2012:
The trial balances and audited annual financial statements as at 30 June 2011 of the 3 municipalities were used to bring in the balances on 1 July 2011 via take-on accounts. All these balances were then verified and reconciled by the relevant officials and any amounts that could not be satisfactorily verified or substantiated by acceptable supporting documentation were transferred to the net gain/(loss) on the transfer of function account. Hence the net gain realising on an amount of R1 033 165 710. The net gain of R1 033 165 710 is equal to the take-on assets less liabilities of the disestablished municipalities at fair value.

63. Deferred tax

Shown in Statement of Financial Position as follows:

Non-current assets	836,432	-	-	-
Non-current liabilities	(11,569)	-	-	-
	824,863	**-**	**-**	**-**

Reconciliation of deferred tax asset (liability)

Prepaid expense	624,325	-	-	-
Provisions	32,666	-	-	-
Trade and other payables	179,441	-	-	-
Property, plant and equipment	(11,569)	-	-	-
	824,863	**-**	**-**	**-**

64. Deferred operating lease liability

Non-current liabilities	(2,372,547)	(5,069,533)	(2,308,997)	(4,936,934)
Current liabilities	(3,117,455)	(2,777,684)	(2,990,938)	(2,501,856)
	(5,490,002)	**(7,847,217)**	**(5,299,935)**	**(7,438,790)**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

65. Impairment of assets

Impairments				
Property, plant and equipment	4,818,771	29,807,842	4,818,771	29,807,842

The main classes of assets affected by impairment losses are: Moveable Assets with a condition rating of poor and very poor. Infrastructure assets were impaired according to specific indicators. Assets held for sale: Fair values were determined based on the selling price of assets received according to previous auctions held, taking into consideration its current condition

66. Going concern

We draw attention to the fact that at 30 June 2013, the municipality had an accumulated surplus of R13 449 418 963 (2012 = R11 556 484 980) and that the municipality's total assets exceed its liabilities by R 13,866,601,172. he difference consist of the Housing Development Fund, Self-insurance reserve and COID reserve to a total of R364 618 386.

Further, as at 30 June 2013, the group had an accumulated surplus of R13 501 982 786 (2012 = R11 586 460 150) and that the group's total assets exceed its liabilities by R 13,866,601,172. the difference consist of the Housing Development Fund, Self-insurance reserve and COID reserve to a total of R364 618 386.

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The major figures and ratios affecting the going concern are discussed in paragraph 6 of the Report of the Chief Financial Officer.

Cash and cash equivalents increased significantly as a result of the following:

- Increased borrowings to fund long-term infrastructure
- Increased collections
- On-going cost reduction strategies - all heads of departments have cost saving targets included in their performance agreements.

67. Expenditure by National Treasury classification

Expenditure				
Employee related cost	5,304,963,546	4,815,285,269	5,225,703,077	4,739,894,487
Remuneration of councillors	92,573,294	91,453,370	92,573,294	91,453,370
Debt impairment	951,619,336	903,949,770	944,018,153	880,622,872
Depreciation and asset impairment	1,107,939,932	1,063,046,364	1,108,772,256	1,058,882,638
Finance charges	740,274,779	633,215,352	739,074,831	632,350,791
Bulk purchases	6,695,411,406	6,172,120,339	6,791,791,416	6,258,775,168
Other materials	442,445,958	528,801,526	460,957,065	528,402,374
Contracted services	3,335,443,766	2,921,373,914	3,424,458,808	2,974,199,689
Transfers and grants	17,290,290	21,495,798	17,290,290	21,495,798
Other expenditure	649,363,936	481,873,218	725,577,334	422,114,172
Loss on disposal of PPE	279,422,601	112,038,698	108,544,695	112,038,698
	19,616,748,844	**17,744,653,618**	**19,638,761,219**	**17,720,230,057**
Total expenditure per statement of financial performance	19,616,748,844	17,744,653,618	19,638,761,219	17,720,230,057

	Group		Municipality	
	2013	2012 Restated	2013	2012 Restated
	R	R	R	R

68. Interest rate swaps

The municipality holds derivative financial instruments to hedge its interest rate risk exposures. The municipality entered into interest rate swap contracts that entitle it to receive interest at fixed rates on notional principal amounts and that oblige the municipality to pay interest at variable rates on the same amounts. The interest rate swap allows the municipality to raise long-term borrowings at variable rates and effectively swap them into fixed rates in terms of the structured finance contractual requirements The interest rate swaps are initially measured at fair value on the contract/trade date; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, the interest rate swaps are measured at fair value at each reporting date:

The municipality entered into interest rate swaps with the following role players:

DBSA:
Trade date: 13 March 2013 and Settlement date: 1 March 2023
Nominal amount: R641 000 000
Fixed rate: 9.75% and Variable rate: Jibar + 2.55 basis points
Payable: Semi-annual

Nedbank:
Trade date: 14 March 2013 and Settlement date: 18 May 2020
Nominal amount: R283 213 572
Fixed rate: 8.70% and Variable rate: Jibar + 2.22 basis points
Payable: Semi-annual

Nedbank:
Trade date: 15 March 2013 and Settlement date: 15 June 2020
Nominal amount: R281 869 753
Fixed rate: 8.70% and Variable rate: Jibar + 2.21 basis points
Payable: Semi-annual

DBSA:
Trade date: 16 March 2013 and Settlement date: 1 March 2023
Nominal amount: R361 000 000
Fixed rate: 9.90% and Variable rate: Jibar + 2.85 basis points
Payable: Semi-annual

DBSA:
Trade date: 17 March 2013 and Settlement date: 30 June 2027
Nominal amount: R482 758 621
Fixed rate: 9.70% and Variable rate: Jibar + 2.48 basis points
Payable: Semi-annual

Standard Bank
Trade date: 18 March 2013 and Settlement date: 30 June 2022
Nominal amount: R473 684 211
Fixed rate: 9.20% and Variable rate: Jibar + 2.05 basis points
Payable: Semi-annual

Nedbank:
Trade date: 31 December 2012 and Settlement date: 30 June 2026
Nominal amount: R943 766 167
Fixed rate: 9.31% and Variable rate: floating - Prime -1.28
Payable: Semi-annual

Interest paid on the interest rate swaps to the amount of R18 323 257 were recognised in surplus or deficit during 2012/13.

Interest rate swap - amounts (in total)				
Effective gain/(loss)	81,554,131	-	81,554,131	-

Appendix A
Supplementary unaudited information

Schedule of external loans as at 30 June 2013

	Interest Rate (%)	Redeemable	Balance at 30 June 2012 Rand	Received during the period Rand	Redeemed written off during the period Rand	Amortised value Rand	Balance at 30 June 2013 Rand	Carrying Value of Property, Plant & Equipment Rand
LOCAL REGISTERED STOCK : Issued								
Loan 105 (Issued 1997)	16.65	2014.06.30	98,045,858	-	-	1,954,142	100,000,000	137,742,973
Loan 43 (Issued 1984)	16.25	2004.04.30	5,812	-	-	(812)	5,000	6,887
			98,051,670	**-**	**-**	**1,953,330**	**100,005,000**	**137,749,860**
TERM LOANS								
DBSA: bullet portion	13.50	2018.04.30	51,818,169	-	-	(132,802)	51,685,367	71,192,962
DBSA: Floating rate	Variable	2019.10.31	79,718,642	-	-	(92,838)	79,625,804	109,678,950
Housing Company: National Housing Finance Corporation	14.00	2011.10.31	3,434,694	-	315,386	-	3,119,308	3,119,308
TEDA			1,000	-	-	-	1,000	-
			134,972,505	**-**	**315,386**	**(225,640)**	**134,431,479**	**183,991,220**
ANNUITY LOANS:								
DBSA	13.5	2018.04.30	183,239,644	-	18,496,484	(526,085)	164,217,075	226,197,482
DBSA Local Authorities	13.5	2012.12.31	4,299,891	-	4,028,700	(271,191)	-	-
DBSA (Restructuring)	10.97	2018.12.31	194,376,972	-	18,619,582	(1,068,280)	174,689,110	240,621,970
INCA	11.03	2019.06.30	13,294,498	-	1,345,338	-	11,949,160	16,459,128
INCA	9.52	2020.03.31	158,674,099	-	13,691,696	(253,946)	144,728,457	199,353,278
INCA	11.01	2020.06.30	36,007,660	-	3,002,789	-	33,004,871	45,461,890
DBSA	9.36	2020.12.31	216,299,390	-	15,436,196	(769,061)	200,094,133	275,615,607
INCA	10.92	2020.12.31	74,627,296	-	5,701,929	-	68,925,367	94,939,849
INCA	10.81	2021.06.30	61,719,093	-	4,340,627	-	57,378,466	79,034,806
DBSA	5.0	2021.12.31	73,031,583	-	6,015,493	(158,913)	66,857,177	92,091,064
DBSA	9.84	2021.12.31	325,146,834	-	20,877,871	(1,101,746)	303,167,217	417,591,537
Ivuzi	8.74	2021.12.31	153,922,488	-	10,963,320	-	142,959,168	196,916,207
DBSA	6.25	2028.06.30	92,657,257	-	3,224,263	(115,317)	89,317,677	123,028,822
DBSA	12.81	2028.06.30	202,191,995	-	3,662,794	(312,277)	198,216,924	273,029,882
DBSA	11.32	2028.06.30	200,957,379	-	3,966,173	(291,364)	196,699,842	270,940,212
ABSA Roodeplaat Temba	12.5	2021.03.31	196,024,229	-	12,359,621	1,006,795	184,671,403	254,371,880
DBSA Roodeplaate Temba	11.99	2021.03.31	101,113,389	-	6,489,832	548,415	95,171,972	131,092,704
Nedbank Roodeplaat Temba	12.51	2021.03.31	134,590,447	-	8,497,240	868,382	126,961,589	174,880,667
DBSA TIP	6.75	2029.06.30	144,950,286	-	4,359,067	(145,909)	140,445,310	193,453,545
DBSA IIP	10.84	2029.06.30	669,603,702	-	641,334,385	(28,269,317)	-	-
Nedbank	9.27	2020.05.18	313,853,432	-	26,804,264	(3,657,869)	283,391,299	390,351,599
Nedbank	9.32	2020.06.16	312,167,474	-	28,513,705	(1,606,900)	282,046,869	388,499,740
DBSA	10.18	2010.12.01	355,204,913	-	346,422,713	(8,782,200)	-	-
Standard Bank	7.72	2026.06.30	963,546,943	-	39,733,028	372,644	924,186,559	1,273,002,041
DBSA	5.00	2013.03.31	345,344	-	343,932	(1,412)	-	-
DBSA	5.00	2016.08.31	878,718	-	189,546	(779)	688,393	948,214
DBSA	15.04	2016.06.30	17,933,307	-	3,149,285	(115,042)	14,668,980	20,205,489
Standardbank - Magalies Water	13.50	2014.09.30	975,303	-	274,835	(7,769)	692,699	954,145
DBSA	Jibar	2027.06.29	500,000,000	-	500,000,000	-	-	-
Standardbank	Jibar	2022.06.29	500,230,125	-	500,000,000	(230,125)	-	-
Nedbank	Jibar	2029.06.29	-	641,000,000	-	16,889,489	657,889,489	906,196,540
Nedbank	Jibar	2025.12.01	-	361,000,000	-	9,873,854	370,873,854	510,852,672
iVuzi (Firstrand bank)	Jibar	2022.06.30	-	500,000,000	26,315,789	194,016	473,878,227	652,733,956
iVuzi (Firstrand bank)	Jibar	2027.12.01	-	500,000,000	17,241,379	209,107	482,967,728	665,254,106
			6,201,863,691	**2,002,000,000**	**2,295,401,876**	**(17,722,800)**	**5,890,739,015**	**8,114,079,032**

Appendix A
Supplementary unaudited information

Schedule of external loans as at 30 June 2013

	Interest Rate (%)	Redeemable	Balance at 30 June 2012 Rand	Received during the period Rand	Redeemed written off during the period Rand	Amortised value Rand	Balance at 30 June 2013 Rand	Carrying Value of Property, Plant & Equipment Rand
MUNICIPAL BONDS								
CoT1: Standard bank	10.20	2023.04.02	-	560,000,000	-	13,771,397	573,771,397	790,329,780
CoT2: Standard bank	9.11	2023.04.02	-	830,000,000	-	18,229,984	848,229,984	1,168,377,195
CoT3: Standard bank	9.46	2028.06.05	-	750,000,000	-	4,859,589	754,859,589	1,039,766,038
			-	**2,140,000,000**	**-**	**36,860,970**	**2,176,860,970**	**2,998,473,013**
			6,434,887,866	**4,142,000,000**	**2,295,717,262**	**20,865,860**	**8,302,036,464**	**11,434,293,125**
FINANCE LEASES								
ABSA	Variable *		50,345,553	2,921,258	13,924,181	-	39,342,630	38,630,744
DATACENTRIX	Variable *		129,356	2,731	132,087	-	-	-
DEBIS FLEET MANAGEMENT	Variable *		168,315,625	13,401,313	73,688,683	-	108,028,255	102,378,900
FLEET AFRICA	Variable *		314,715	17,957	102,836	-	229,836	225,006
Molpone	Variable *		15,385,188	1,425,297	16,810,485	-	-	-
ZEDA	Variable *		6,933,491	505,573	1,774,618	-	5,664,446	5,606,721
TSHWANE AUTO LEASING	Variable *		56,071,897	8,070,798	42,107,971	-	22,034,724	21,670,648
BIDVEST	Variable *		1,116,894	6,050	1,122,944	-	-	-
VUSWA	Variable *		4,376,667	291,846	1,504,052	-	3,164,461	3,114,706
ABSA SOL	Variable*		47,841	8,356	19,631	-	36,566	29,120
			303,037,227	**26,651,179**	**151,187,488**	**-**	**178,500,918**	**171,655,845**

Appendix B
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2013

	2012/13														2011/12
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard															
Governance and administration	**6,464,083,100**	**410,039,735**	**6,874,122,835**	**-**		**6,874,122,835**	**7,022,438,822**		**148,315,987**	**102 %**	**109 %**				**6,773,711,429**
Executive and council	94,656,200	132,605,957	227,262,157	-		227,262,157	203,674,430		(23,587,727)	90 %	215 %				68,646,417
Budget and Treasury Office	4,500,000	(1,217,040)	3,282,960	-		3,282,960	3,096,275		(186,685)	94 %	69 %				5,439,008
Corporate services	6,364,926,900	278,650,818	6,643,577,718	-		6,643,577,718	6,815,668,117		172,090,399	103 %	107 %				6,699,626,004
Community and public safety	**773,636,828**	**133,689,446**	**907,326,274**	**-**		**907,326,274**	**855,378,706**		**(51,947,568)**	**94 %**	**111 %**				**852,548,140**
Community and social services	41,362,400	6,952,612	48,315,012	-		48,315,012	50,654,083		2,339,071	105 %	122 %				63,470,349
Sport and recreation	58,287,950	4,778,232	63,066,182	-		63,066,182	65,073,067		2,006,885	103 %	112 %				48,348,959
Public safety	55,894,243	1,291,100	57,185,343	-		57,185,343	51,373,806		(5,811,537)	90 %	92 %				61,681,295
Housing	516,365,235	120,577,851	636,943,086	-		636,943,086	596,056,291		(40,886,795)	94 %	115 %				603,130,978
Health	101,727,000	89,651	101,816,651	-		101,816,651	92,221,459		(9,595,192)	91 %	91 %				75,916,559
Economic and environmental services	**1,328,848,360**	**32,065,946**	**1,360,914,306**	**-**		**1,360,914,306**	**1,313,948,916**		**(46,965,390)**	**97 %**	**99 %**				**692,785,429**
Planning and development	189,801,710	(61,689,000)	128,112,710	-		128,112,710	124,692,566		(3,420,144)	97 %	66 %				112,286,048
Road transport	1,138,093,650	93,754,946	1,231,848,596	-		1,231,848,596	1,188,452,024		(43,396,572)	96 %	104 %				579,960,804
Environmental protection	953,000	-	953,000	-		953,000	804,326		(148,674)	84 %	84 %				538,577
Trading services	**13,566,425,094**	**(102,357,995)**	**13,464,067,099**	**-**		**13,464,067,099**	**12,649,691,534**		**(814,375,565)**	**94 %**	**93 %**				**11,603,497,629**
Electricity	9,547,420,800	(181,539,477)	9,365,881,323	-		9,365,881,323	8,602,837,271		(763,044,052)	92 %	90 %				8,146,657,910
Water	2,355,645,500	79,181,482	2,434,826,982	-		2,434,826,982	2,429,249,145		(5,577,837)	100 %	103 %				2,187,536,326
Waste water management	973,869,094	-	973,869,094	-		973,869,094	960,932,303		(12,936,791)	99 %	99 %				708,427,920
Waste management	689,489,700	-	689,489,700	-		689,489,700	656,672,815		(32,816,885)	95 %	95 %				560,875,473
Other	**200,852,755**	**-**	**200,852,755**	**-**		**200,852,755**	**190,662,901**		**(10,189,854)**	**95 %**	**95 %**				**170,160,770**
Other	200,852,755	-	200,852,755	-		200,852,755	190,662,901		(10,189,854)	95 %	95 %				170,160,770
Total Revenue - Standard	**22,333,846,137**	**473,437,132**	**22,807,283,269**	**-**		**22,807,283,269**	**22,032,120,879**		**(775,162,390)**	**97 %**	**99 %**				**20,092,703,397**

Appendix B
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2013

	2012/13														2011/12
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard															
Governance and administration	**3,358,313,475**	**(82,123,325)**	**3,276,190,150**	**-**	**-**	**3,276,190,150**	**3,395,669,235**	**232,257,219**	**119,479,085**	**104 %**	**101 %**	**-**	**-**	**-**	**2,771,537,971**
Executive and council	611,327,673	38,732,319	650,059,992	-	-	650,059,992	537,281,858	-	(112,778,134)	83 %	88 %	-	-	-	447,320,878
Budget and treasury office	52,425,496	3,489,614	55,915,110	-	-	55,915,110	56,773,838	858,728	858,728	102 %	108 %	-	-	-	28,180,299
Corporate services	2,694,560,306	(124,345,258)	2,570,215,048	-	-	2,570,215,048	2,801,613,539	231,398,491	231,398,491	109 %	104 %	-	-	-	2,296,036,794
Community and public safety	**3,434,438,704**	**43,415,889**	**3,477,854,593**	**-**	**-**	**3,477,854,593**	**3,550,971,949**	**75,108,472**	**73,117,356**	**102 %**	**103 %**	**-**	**-**	**-**	**3,148,822,165**
Community and social services	443,043,519	24,992,213	468,035,732	-	-	468,035,732	482,449,345	14,413,613	14,413,613	103 %	109 %	-	-	-	435,754,273
Sport and recreation	863,152,991	(129,777,020)	733,375,971	-	-	733,375,971	731,968,442	-	(1,407,529)	100 %	85 %	-	-	-	715,422,280
Public safety	1,402,425,542	43,957,922	1,446,383,464	-	-	1,446,383,464	1,445,799,877	-	(583,587)	100 %	103 %	-	-	-	1,223,656,683
Housing	438,199,295	104,373,150	542,572,445	-	-	542,572,445	584,183,161	41,610,716	41,610,716	108 %	133 %	-	-	-	495,992,648
Health	287,617,357	(130,376)	287,486,981	-	-	287,486,981	306,571,124	19,084,143	19,084,143	107 %	107 %	-	-	-	277,996,281
Economic and environmental services	**1,933,077,865**	**17,778,300**	**1,950,856,165**	**-**	**-**	**1,950,856,165**	**1,840,311,317**	**14,974,206**	**(110,544,848)**	**94 %**	**95 %**	**-**	**-**	**-**	**1,677,463,845**
Planning and development	435,945,277	6,670,659	442,615,936	-	-	442,615,936	341,263,761	-	(101,352,175)	77 %	78 %	-	-	-	273,128,578
Road transport	1,430,433,753	11,414,802	1,441,848,555	-	-	1,441,848,555	1,456,822,761	14,974,206	14,974,206	101 %	102 %	-	-	-	1,348,184,301
Environmental protection	66,698,835	(307,161)	66,391,674	-	-	66,391,674	42,224,795	-	(24,166,879)	64 %	63 %	-	-	-	56,150,966
Trading services	**11,774,634,787**	**(8,248,762)**	**11,766,386,025**	**-**	**-**	**11,766,386,025**	**11,156,927,963**	**8,989,848**	**(609,458,062)**	**95 %**	**95 %**	**-**	**-**	**-**	**10,343,934,485**
Electricity	8,244,147,526	(87,755,522)	8,156,392,004	-	-	8,156,392,004	7,766,250,838	-	(390,141,166)	95 %	94 %	-	-	-	7,268,906,577
Water	2,072,073,339	85,884,246	2,157,957,585	-	-	2,157,957,585	1,965,294,478	-	(192,663,107)	91 %	95 %	-	-	-	1,791,228,494
Waste water management	485,572,784	1,078,004	486,650,788	-	-	486,650,788	451,007,151	-	(35,643,637)	93 %	93 %	-	-	-	412,513,035
Waste management	972,841,138	(7,455,490)	965,385,648	-	-	965,385,648	974,375,496	8,989,848	8,989,848	101 %	100 %	-	-	-	871,286,379
Other	**198,771,259**	**1,036,583**	**199,807,842**	**-**	**-**	**199,807,842**	**178,252,893**	**-**	**(21,554,949)**	**89 %**	**90 %**	**-**	**-**	**-**	**176,749,190**
Other	198,771,259	1,036,583	199,807,842	-	-	199,807,842	178,252,893	-	(21,554,949)	89 %	90 %	-	-	-	176,749,190
Total Expenditure - Standard	**20,699,236,090**	**(28,141,315)**	**20,671,094,775**	**-**	**-**	**20,671,094,775**	**20,122,133,357**	**331,329,745**	**(548,961,418)**	**97 %**	**97 %**	**-**	**-**	**-**	**18,118,507,656**
Surplus/(Deficit) for the year	**1,634,610,047**	**501,578,447**	**2,136,188,494**	**-**		**2,136,188,494**	**1,909,987,522**		**(226,200,972)**	**89 %**	**117 %**				**1,974,195,741**

Appendix C
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2013

	2012/13														2011/12
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Revenue by Vote															
City Planning and Development	121,907,810	3,062,000	124,969,810	-		124,969,810	123,447,469		(1,522,341)	99 %	101 %				107,027,754
Communications, Marketing & Events	167,000	-	167,000	-		167,000	6,616		(160,384)	4 %	4 %				-
Corporate & Shared Services	68,121,500	6,751,162	74,872,662	-		74,872,662	97,307,832		22,435,170	130 %	143 %				99,627,374
Emergency Services	60,651,400	1,331,900	61,983,300	-		61,983,300	63,424,459		1,441,159	102 %	105 %				47,604,149
Environmental Management	804,702,655	(1,000,000)	803,702,655	-		803,702,655	781,562,117		(22,140,538)	97 %	97 %				659,856,355
Financial Services	6,266,254,588	194,543,477	6,460,798,065	-		6,460,798,065	6,642,120,176		181,322,111	103 %	106 %				6,568,813,174
Health & Social Development	45,427,500	589,651	46,017,151	-		46,017,151	37,727,760		(8,289,391)	82 %	83 %				34,472,133
Housing & Human Settlement	481,790,500	120,577,851	602,368,351	-		602,368,351	568,687,092		(33,681,259)	94 %	118 %				582,924,824
Information & Communication Technology Management	189,300	51,894,178	52,083,478	-		52,083,478	49,093,589		(2,989,889)	94 %	25,934 %				1,064,506
Legal Services	337,500	-	337,500	-		337,500	173,550		(163,950)	51 %	51 %				280,128
Macrro Economic Planning	12,893,900	(9,751,000)	3,142,900	-		3,142,900	1,245,617		(1,897,283)	40 %	10 %				2,198,059
Metro Police Services	162,069,843	6,694,500	168,764,343	-		168,764,343	172,352,040		3,587,697	102 %	106 %				173,335,879
Office of the Chief Audit Executive	34,330,812	24,221,693	58,552,505	-		58,552,505	30,618,443		(27,934,062)	52 %	89 %				35,391,257
Office of the Chief Whip	-	-	-	-		-	-		-	- %	- %				10
Office of the City Manager	60,275,900	126,450,099	186,725,999	-		186,725,999	183,448,646		(3,277,353)	98 %	304 %				48,364,735
Office of the Executive Mayor	-	-	-	-		-	991		991	- %	- %				-
Office of the Speaker	-	-	-	-		-	75		75	- %	- %				-
Regional Service Delivery	271,762,585	(38,823,026)	232,939,559	-		232,939,559	233,970,385		1,030,826	100 %	86 %				212,498,660
Research & Innovation	-	-	-	-		-	-		-	- %	- %				-
Service Infrastructure: Electricity	9,541,626,600	(181,539,477)	9,360,087,123	-		9,360,087,123	8,570,780,894		(789,306,229)	92 %	90 %				8,130,754,606
Service Infrastructure: Water and Sanitation	3,311,460,494	79,181,482	3,390,641,976	-		3,390,641,976	3,367,181,312		(23,460,664)	99 %	102 %				2,874,480,854
Sport and Recreation	2,322,000	2,832,996	5,154,996	-		5,154,996	3,764,030		(1,390,966)	73 %	162 %				5,448,847
Transport	1,087,554,250	86,419,646	1,173,973,896	-		1,173,973,896	1,105,207,786		(68,766,110)	94 %	102 %				508,560,094
Total Revenue by Vote	**22,333,846,137**	**473,437,132**	**22,807,283,269**	**-**		**22,807,283,269**	**22,032,120,879**		**(775,162,390)**	**97 %**	**99 %**				**20,092,703,398**

Appendix C
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2013

	2012/13														2011/12
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Expenditure by Vote to be appropriated															
City Planning	227,979,596	2,179,019	230,158,615	-	-	230,158,615	205,742,320	-	(24,416,295)	89 %	90 %	-	-	-	224,265,363
City Strategies & Performance Management	19,294,750	(352,375)	18,942,375	-	-	18,942,375	19,400,798	458,422	458,423	102 %	101 %	-	-	-	17,199,005
Communications, Marketing & Events	131,541,961	(1,751,232)	129,790,729	-	-	129,790,729	131,537,336	1,746,607	1,746,607	101 %	100 %	-	-	-	38,835,449
Corporate & Shared Servicees	742,868,083	35,983,333	778,851,416	-	-	778,851,416	775,116,065	-	(3,735,351)	100 %	104 %	-	-	-	692,139,969
Emergency Services	402,125,751	18,651,485	420,777,236	-	-	420,777,236	453,411,305	32,634,069	32,634,069	108 %	113 %	-	-	-	397,877,721
Environmental Management	1,484,831,463	(125,043,560)	1,359,787,903	-	-	1,359,787,903	1,354,231,797	-	(5,556,106)	100 %	91 %	-	-	-	1,278,900,043
Financial Services	1,281,316,679	(142,935,281)	1,138,381,398	-	-	1,138,381,398	1,364,283,558	225,902,160	225,902,160	120 %	106 %	-	-	-	1,067,738,430
Health & Social Development	222,705,677	9,166,390	231,872,067	-	-	231,872,067	226,346,498	-	(5,525,569)	98 %	102 %	-	-	-	195,581,404
Housing & Human Settlement	302,203,226	106,956,147	409,159,373	-	-	409,159,373	452,262,357	43,102,984	43,102,984	111 %	150 %	-	-	-	363,321,835
Information & Communication Technology Management	317,292,272	15,008,659	332,300,931	-	-	332,300,931	405,951,365	73,650,434	73,650,434	122 %	128 %	-	-	-	331,764,473
Legal Services	88,605,735	2,631,159	91,236,894	-	-	91,236,894	81,621,699	-	(9,615,195)	89 %	92 %	-	-	-	84,407,168
Macro Economic Planning	143,520,171	61,796,107	205,316,278	-	-	205,316,278	155,776,199	-	(49,540,079)	76 %	109 %	-	-	-	45,961,202
Metro Police Services	1,158,730,340	26,998,871	1,185,729,211	-	-	1,185,729,211	1,163,531,383	-	(22,197,828)	98 %	100 %	-	-	-	982,965,588
Office of the Chief Audit Executive	274,270,159	(47,524,711)	226,745,448	-	-	226,745,448	174,848,039	-	(51,897,409)	77 %	64 %	-	-	-	154,252,975
Office of the Chief Whip	19,414,346	1,196,625	20,610,971	-	-	20,610,971	17,958,635	-	(2,652,336)	87 %	93 %	-	-	-	12,987,460
Office of the City Manager	193,695,026	25,826,678	219,521,704	-	-	219,521,704	159,412,794	-	(60,108,910)	73 %	82 %	-	-	-	67,854,137
Office of the Executive Mayor	100,060,553	20,594,027	120,654,580	-	-	120,654,580	103,750,644	-	(16,903,936)	86 %	104 %	-	-	-	72,516,073
Office of the Speaker	185,349,049	(3,921,367)	181,427,682	-	-	181,427,682	171,210,130	-	(10,217,552)	94 %	92 %	-	-	-	153,637,955
Regional Service Delivery	2,350,750,693	(79,386,657)	2,271,364,036	-	-	2,271,364,036	2,487,240,236	215,876,200	215,876,200	110 %	106 %	-	-	-	2,415,659,409
Research & Innovation	425,000	1,498,044	1,923,044	-	-	1,923,044	2,130,484	207,440	207,440	111 %	501 %	-	-	-	-
Service Infrastructure: Electricity	7,673,272,841	(73,976,883)	7,599,295,958	-	-	7,599,295,958	7,047,849,233	-	(551,446,725)	93 %	92 %	-	-	-	6,562,270,300
Service Infrastructure: Water and Sanitation	2,305,998,359	87,466,721	2,393,465,080	-	-	2,393,465,080	2,147,719,356	-	(245,745,724)	90 %	93 %	-	-	-	1,966,772,762
Sport and Recreation	16,995,736	16,220,246	33,215,982	-	-	33,215,982	30,306,920	-	(2,909,062)	91 %	178 %	-	-	-	18,867,712
Transport	1,055,988,624	14,577,240	1,070,565,864	-	-	1,070,565,864	990,494,206	-	(80,071,658)	93 %	94 %	-	-	-	972,731,224
Total Expenditure by Vote	**20,699,236,090**	**(28,141,315)**	**20,671,094,775**	**-**	**-**	**20,671,094,775**	**20,122,133,357**	**593,578,316**	**(548,961,418)**	**97 %**	**97 %**	**-**	**-**	**-**	**18,118,507,657**
Surplus/(Deficit) for the year	**1,634,610,047**	**501,578,447**	**2,136,188,494**	**-**		**2,136,188,494**	**1,909,987,522**		**(226,200,972)**	**89 %**	**117 %**				**1,974,195,741**

Appendix D
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2013

	2012/13														2011/12
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source															
Property rates	3,721,740,700	200,000,000	3,921,740,700	-		3,921,740,700	3,999,445,335		77,704,635	102 %	107 %				3,357,657,236
Service charges - electricity revenue	8,989,063,400	(209,842,500)	8,779,220,900	-		8,779,220,900	8,131,246,433		(647,974,467)	93 %	90 %				7,523,803,545
Service charges - water revenue	2,137,475,100	79,076,954	2,216,552,054	-		2,216,552,054	2,284,590,275		68,038,221	103 %	107 %				1,954,998,856
Service charges - sanitation revenue	551,606,000	(5,000)	551,601,000	-		551,601,000	596,651,038		45,050,038	108 %	108 %				524,566,997
Service charges - refuse revenue	592,063,200	-	592,063,200	-		592,063,200	503,271,655		(88,791,545)	85 %	85 %				480,000,616
Service charges - other	217,158,500	-	217,158,500	-		217,158,500	126,476,162		(90,682,338)	58 %	58 %				160,002,041
Rental of facilities and equipment	121,843,500	676,862	122,520,362	-		122,520,362	106,060,758		(16,459,604)	87 %	87 %				100,016,243
Interest earned - external investments	45,378,679	1,082,246	46,460,925	-		46,460,925	62,828,009		16,367,084	135 %	138 %				52,933,828
Interest earned - outstanding debtors	307,805,834	-	307,805,834	-		307,805,834	276,805,756		(31,000,078)	90 %	90 %				265,720,882
Fines	3,281,060	141,850	3,422,910	-		3,422,910	3,934,831		511,921	115 %	120 %				4,555,875
Licences and permits	43,732,200	7,000,000	50,732,200	-		50,732,200	58,658,683		7,926,483	116 %	134 %				52,426,020
Transfers recognised - operational	2,553,116,080	102,241,884	2,655,357,964	-		2,655,357,964	2,724,011,275		68,653,311	103 %	107 %				2,322,772,414
Other revenue	835,573,485	28,354,082	863,927,567	-		863,927,567	691,577,963		(172,349,604)	80 %	83 %				1,779,929,071
Gains on disposal of PPE	-	-	-	-		-	9,813,930		9,813,930	- %	- %				27,111,814
Total Revenue (excluding capital transfers and contributions)	**20,119,837,738**	**208,726,378**	**20,328,564,116**	**-**		**20,328,564,116**	**19,575,372,103**		**(753,192,013)**	**96 %**	**97 %**				**18,606,495,438**

Appendix D
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2013

	2012/13														2011/12
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Expenditure By Type															
Employee related costs	5,613,007,457	(253,988,249)	5,359,019,208	-	-	5,359,019,208	5,304,963,547	-	(54,055,661)	99 %	95 %	-	-	-	4,815,285,269
Remuneration of councillors	99,241,121	(10,300,395)	88,940,726	-	-	88,940,726	92,573,294	3,632,568	3,632,568	104 %	93 %	-	-	-	91,453,370
Debt impairment	908,732,581	(68,472,038)	840,260,543		-	840,260,543	951,619,336	111,358,793	111,358,793	113 %	105 %	-	-	-	903,949,770
Depreciation & asset impairment	958,696,660	(3,134,507)	955,562,153		-	955,562,153	1,107,939,932	152,377,779	152,377,779	116 %	116 %	-	-	-	1,063,046,365
Finance charges	791,168,991	(93,722,775)	697,446,216	-	-	697,446,216	740,274,779	42,828,563	42,828,563	106 %	94 %	-	-	-	633,215,352
Bulk purchases	7,185,154,986	(59,070,562)	7,126,084,424	-	-	7,126,084,424	6,695,411,407	-	(430,673,017)	94 %	93 %	-	-	-	6,172,120,339
Other materials	571,835,001	(37,466,693)	534,368,308	-	-	534,368,308	442,445,959	-	(91,922,349)	83 %	77 %	-	-	-	528,801,528
Contracted services	3,368,623,316	151,837,677	3,520,460,993	-	-	3,520,460,993	3,335,443,767	-	(185,017,226)	95 %	99 %	-	-	-	2,921,373,914
Transfers and grants	21,201,500	-	21,201,500	-	-	21,201,500	17,290,291	-	(3,911,209)	82 %	82 %	-	-	-	21,495,798
Other expenditure	1,276,418,218	(48,710,913)	1,227,707,305	-	-	1,227,707,305	849,545,202	-	(378,162,103)	69 %	67 %	-	-	-	594,176,367
Loss on disposal of PPE	-	10,400	10,400	-	-	10,400	279,422,601	279,412,201	279,412,201	…86,756 %	- %	-	-	-	112,038,698
Total Expenditure	**20,794,079,831**	**(423,018,055)**	**20,371,061,776**	**-**	**-**	**20,371,061,776**	**19,816,930,115**	**589,609,904**	**(554,131,661)**	**97 %**	**95 %**	**-**	**-**	**-**	**17,856,956,770**
Surplus/(Deficit)	**(674,242,093)**	**631,744,433**	**(42,497,660)**	**-**		**(42,497,660)**	**(241,558,012)**	**(589,609,904)**	**(199,060,352)**	**568 %**	**36 %**				**749,538,668**
Transfers recognised - capital	1,923,831,899	254,854,254	2,178,686,153	-		2,178,686,153	2,151,545,534		(27,140,619)	99 %	112 %				1,224,657,073
Contributions recognised - capital	-	-	-	-		-	-		-	- %	- %				-
Contributed assets	-	-	-	-		-	-		-	- %	- %				-
Surplus/(Deficit) after capital transfers & contributions	**1,249,589,806**	**886,598,687**	**2,136,188,493**	**-**		**2,136,188,493**	**1,909,987,522**		**(226,200,971)**	**89 %**	**153 %**				**1,974,195,741**
Taxation	-	-	-	-		-	-		-	- %	- %				-
Surplus/(Deficit) after taxation	**1,249,589,806**	**886,598,687**	**2,136,188,493**	**-**		**2,136,188,493**	**1,909,987,522**		**(226,200,971)**	**89 %**	**153 %**				**1,974,195,741**
Attributable to minorities	-	-	-	-		-	-		-	- %	- %				-
Surplus/(Deficit) attributable to municipality	**1,249,589,806**	**886,598,687**	**2,136,188,493**	**-**		**2,136,188,493**	**1,909,987,522**		**(226,200,971)**	**89 %**	**153 %**				**1,974,195,741**
Share of surplus/ (deficit) of associate	-	-	-	-		-	-		-	- %	- %				-
Surplus/(Deficit) for the year	**1,249,589,806**	**886,598,687**	**2,136,188,493**	**-**		**2,136,188,493**	**1,909,987,522**		**(226,200,971)**	**89 %**	**153 %**				**1,974,195,741**

Appendix E
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2013

	2012/13											2011/12			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote															
Multi-year expenditure															
City Planning	5,200,000	-	5,200,000	-	-	5,200,000	3,998,040	-	(1,201,960)	77 %	77 %	-	-	-	966,800
City Strategies & Performance Management	1,500,000	(500,000)	1,000,000	-	-	1,000,000	643,785	-	(356,215)	64 %	43 %	-	-	-	-
Communications, Marketing & Events	1,500,000	-	1,500,000	-	-	1,500,000	1,171,191	-	(328,809)	78 %	78 %	-	-	-	-
Corporate & Shared Services	39,300,000	(18,000,000)	21,300,000	-	-	21,300,000	17,599,941	-	(3,700,059)	83 %	45 %	-	-	-	885,833
Emergency Services	37,200,000	(4,900,000)	32,300,000	-	-	32,300,000	32,085,249	-	(214,751)	99 %	86 %	-	-	-	27,481,076
Environmental Management	84,260,000	(3,700,000)	80,560,000	-	-	80,560,000	71,403,799	-	(9,156,201)	89 %	85 %	-	-	-	33,911,752
Financial Services	17,000,000	522,862	17,522,862	-	-	17,522,862	14,940,113	-	(2,582,749)	85 %	88 %	-	-	-	11,161,274
Health & Social Development	20,500,000	(6,882,911)	13,617,089	-	-	13,617,089	13,406,447	-	(210,642)	98 %	65 %	-	-	-	12,149,028
Housing & Human Settlement	438,777,704	5,500,000	444,277,704	-	-	444,277,704	465,861,386	21,583,682	21,583,682	105 %	106 %	-	-	-	603,548,307
Information & Communication Technology Management	81,655,000	59,194,177	140,849,177	-	-	140,849,177	165,853,211	25,004,034	25,004,034	118 %	203 %	-	-	-	196,464,858
Legal Services	1,000,000	-	1,000,000	-	-	1,000,000	840,329	-	(159,671)	84 %	84 %	-	-	-	-
Macro Economic Planning	11,651,000	(651,000)	11,000,000	-	-	11,000,000	10,980,084	-	(19,916)	100 %	94 %	-	-	-	1,896,867
Metro Police Services	36,500,000	100,000	36,600,000	-	-	36,600,000	35,670,363	-	(929,637)	97 %	98 %	-	-	-	24,894,041
Office of the Chief Audit Executive	14,000,000	-	14,000,000	-	-	14,000,000	7,861,628	-	(6,138,372)	56 %	56 %	-	-	-	396,476
Office of the Chief Whip	1,000,000	-	1,000,000	-	-	1,000,000	585,631	-	(414,369)	59 %	59 %	-	-	-	-
Office of the City Manager	63,067,000	126,597,920	189,664,920	-	-	189,664,920	185,261,307	-	(4,403,613)	98 %	294 %	-	-	-	50,304,201
Office of the Executive Mayor	1,500,000	-	1,500,000	-	-	1,500,000	1,139,214	-	(360,786)	76 %	76 %	-	-	-	-
Office of the Speaker	1,500,000	-	1,500,000	-	-	1,500,000	1,225,002	-	(274,998)	82 %	82 %	-	-	-	-
Regional Service Delivery	448,860,230	(16,121,395)	432,738,835	-	-	432,738,835	471,230,778	38,491,943	38,491,943	109 %	105 %	-	-	-	183,267,617
Research & Innovation	1,500,000	-	1,500,000	-	-	1,500,000	1,032,833	-	(467,167)	69 %	69 %	-	-	-	-
Service Infrastructure: Electricity	605,700,000	101,348,183	707,048,183	-	-	707,048,183	691,370,668	-	(15,677,515)	98 %	114 %	-	-	-	532,713,971
Service Infrastructure: Water and Sanitation	953,968,115	(68,710,132)	885,257,983	-	-	885,257,983	844,724,099	-	(40,533,884)	95 %	89 %	-	-	-	691,392,866
Sport and Recreation	15,800,000	(7,167,004)	8,632,996	-	-	8,632,996	7,050,264	-	(1,582,732)	82 %	45 %	-	-	-	5,447,215
Transport	1,226,407,850	198,390,696	1,424,798,546	-	-	1,424,798,546	1,370,349,300	-	(54,449,246)	96 %	112 %	-	-	-	607,930,949
Capital multi-year expenditure sub-total	**4,109,346,899**	**365,021,396**	**4,474,368,295**	**-**	**-**	**4,474,368,295**	**4,416,284,662**	**85,079,659**	**(58,083,633)**	**99 %**	**107 %**	**-**	**-**	**-**	**2,984,813,131**
Single-year expenditure															
Environmental Management	1,000,000	200,000	1,200,000	-	-	1,200,000	1,090,350	-	(109,650)	91 %	109 %	-	-	-	83,389
Housing and Human Settlement	74,200,000	-	74,200,000	-	-	74,200,000	66,163,984	-	(8,036,016)	89 %	89 %	-	-	-	13,517,000
Regional Service Delivery	6,500,000	(1,500,000)	5,000,000	-	-	5,000,000	7,936,609	2,936,609	2,936,609	159 %	122 %	-	-	-	29,577,293
Transport	162,000,000	(102,900,000)	59,100,000	-	-	59,100,000	59,027,794	-	(72,206)	100 %	36 %	-	-	-	88,008,403
Capital single-year expenditure sub-total	**243,700,000**	**(104,200,000)**	**139,500,000**	**-**	**-**	**139,500,000**	**134,218,737**	**2,936,609**	**(5,281,263)**	**96 %**	**55 %**	**-**	**-**	**-**	**131,186,085**
Total Capital Expenditure - Vote	**4,353,046,899**	**260,821,396**	**4,613,868,295**	**-**	**-**	**4,613,868,295**	**4,550,503,399**	**88,016,268**	**(63,364,896)**	**99 %**	**105 %**	**-**	**-**	**-**	**3,115,999,216**

Appendix E
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2013

	2012/13														2011/12
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard															
Governance and administration	**214,522,000**	**178,114,959**	**392,636,959**	**-**	**-**	**392,636,959**	**399,105,753**	**15,491,950**	**6,468,794**	**102 %**	**186 %**	**-**	**-**	**-**	**259,212,642**
Executive and council	73,067,000	136,397,920	209,464,920	-	-	209,464,920	200,872,238	-	(8,592,682)	96 %	275 %	-	-	-	50,735,200
Budget and treasury office	2,000,000	22,862	2,022,862	-	-	2,022,862	1,592,388	-	(430,474)	79 %	80 %	-	-	-	1,624,818
Corporate services	139,455,000	41,694,177	181,149,177	-	-	181,149,177	196,641,127	15,491,950	15,491,950	109 %	141 %	-	-	-	206,852,624
Community and public safety	**1,035,694,639**	**(29,833,104)**	**1,005,861,535**	**-**	**-**	**1,005,861,535**	**1,066,490,173**	**67,419,570**	**60,628,638**	**106 %**	**103 %**	**-**	**-**	**-**	**803,323,103**
Community and social services	63,614,000	(6,711,336)	56,902,664	-	-	56,902,664	51,618,114	-	(5,284,550)	91 %	81 %	-	-	-	70,622,119
Sport and recreation	284,150,000	(821,768)	283,328,232	-	-	283,328,232	342,964,021	59,635,789	59,635,789	121 %	121 %	-	-	-	44,632,875
Public safety	72,200,000	(4,800,000)	67,400,000	-	-	67,400,000	66,256,421	-	(1,143,579)	98 %	92 %	-	-	-	52,375,117
Housing	563,230,639	(4,500,000)	558,730,639	-	-	558,730,639	566,514,420	7,783,781	7,783,781	101 %	101 %	-	-	-	622,647,069
Health	52,500,000	(13,000,000)	39,500,000	-	-	39,500,000	39,137,197	-	(362,803)	99 %	75 %	-	-	-	13,045,923
Economic and environmental services	**1,403,808,850**	**94,459,017**	**1,498,267,867**	**-**	**-**	**1,498,267,867**	**1,439,869,551**	**-**	**(58,398,316)**	**96 %**	**103 %**	**-**	**-**	**-**	**692,637,639**
Planning and development	19,851,000	(1,031,679)	18,819,321	-	-	18,819,321	15,621,909	-	(3,197,412)	83 %	79 %	-	-	-	2,863,667
Road transport	1,376,457,850	95,490,696	1,471,948,546	-	-	1,471,948,546	1,417,438,979	-	(54,509,567)	96 %	103 %	-	-	-	685,376,325
Environmental protection	7,500,000	-	7,500,000	-	-	7,500,000	6,808,663	-	(691,337)	91 %	91 %	-	-	-	4,397,647
Trading services	**1,663,311,410**	**18,080,524**	**1,681,391,934**	**-**	**-**	**1,681,391,934**	**1,612,869,735**	**-**	**(68,522,199)**	**96 %**	**97 %**	**-**	**-**	**-**	**1,328,388,252**
Electricity	617,800,000	101,348,183	719,148,183	-	-	719,148,183	705,919,395	-	(13,228,788)	98 %	114 %	-	-	-	579,488,433
Water	191,612,930	29,185,121	220,798,051	-	-	220,798,051	203,483,643	-	(17,314,408)	92 %	106 %	-	-	-	178,328,179
Waste water management	801,398,480	(113,352,780)	688,045,700	-	-	688,045,700	662,083,933	-	(25,961,767)	96 %	83 %	-	-	-	562,848,699
Waste management	52,500,000	900,000	53,400,000	-	-	53,400,000	41,382,764	-	(12,017,236)	77 %	79 %	-	-	-	7,722,941
Other	**35,710,000**	**-**	**35,710,000**	**-**	**-**	**35,710,000**	**35,115,470**	**-**	**(594,530)**	**98 %**	**98 %**	**-**	**-**	**-**	**32,437,579**
Other	35,710,000	-	35,710,000	-	-	35,710,000	35,115,470	-	(594,530)	98 %	98 %	-	-	-	32,437,579
Total Capital Expenditure - Standard	**4,353,046,899**	**260,821,396**	**4,613,868,295**	**-**	**-**	**4,613,868,295**	**4,553,450,682**	**82,911,520**	**(60,417,613)**	**99 %**	**105 %**	**-**	**-**	**-**	**3,115,999,215**
Funded by:															
National Government	1,847,609,855	125,055,181	1,972,665,036	-		1,972,665,036	1,949,556,844		(23,108,192)	99 %	106 %				1,142,799,488
Provincial Government	61,867,000	129,283,095	191,150,095	-		191,150,095	187,208,469		(3,941,626)	98 %	303 %				67,996,367
Other transfers and grants	14,355,044	515,977	14,871,021	-		14,871,021	14,780,221		(90,800)	99 %	103 %				14,999,945
Transfers recognised - capital	**1,923,831,899**	**254,854,253**	**2,178,686,152**	**-**		**2,178,686,152**	**2,151,545,534**		**(27,140,618)**	**99 %**	**112 %**				**1,225,795,800**
Public contributions & donations	88,571,223	-	88,571,223	-		88,571,223	86,435,401		(2,135,822)	98 %	98 %				-
Borrowing	1,640,000,000	500,000,000	2,140,000,000	-		2,140,000,000	2,126,587,938		(13,412,062)	99 %	130 %				-
Internally generated funds	700,643,777	(494,032,857)	206,610,920	-		206,610,920	185,934,531		(20,676,389)	90 %	27 %				1,890,203,416
Total Capital Funding	**4,353,046,899**	**260,821,396**	**4,613,868,295**	**-**		**4,613,868,295**	**4,550,503,404**		**(63,364,891)**	**99 %**	**105 %**				**3,115,999,216**

Appendix F
Budgeted Cash Flows
for the year ended 30 June 2013

	2013								2012
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Final Budget Rand	Actual Outcome Rand	Variance Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Restated Audited Outcome Rand
Cash flow from operating activities									
Receipts									
Ratepayers and other	16,859,839,772	(27,914,996)	16,831,924,776	16,831,924,776	15,384,862,699	(1,447,062,077)	91 %	91 %	15,025,873,028
Government - operating	2,566,684,104	117,417,257	2,684,101,361	2,684,101,361	2,592,462,962	(91,638,399)	97 %	101 %	2,322,772,413
Government - capital	1,923,831,899	254,854,254	2,178,686,153	2,178,686,153	2,151,373,223	(27,312,930)	99 %	112 %	1,224,657,073
Interest	67,528,240	1,086,168	68,614,408	68,614,408	62,828,008	(5,786,400)	92 %	93 %	52,933,829
Payments									
Suppliers and employees	(17,844,226,422)	(105,549,411)	(17,949,775,833)	(17,949,775,833)	(16,217,725,484)	1,732,050,349	90 %	91 %	(13,935,725,015)
Finance charges	(781,168,992)	135,658,790	(645,510,202)	(645,510,202)	(739,550,746)	(94,040,544)	115 %	95 %	(632,867,008)
Transfers and Grants	(21,201,500)	-	(21,201,500)	(21,201,500)	(17,290,290)	3,911,210	82 %	82 %	(21,495,798)
Net cash flow from/used operating activities	**2,771,287,101**	**375,552,062**	**3,146,839,163**	**3,146,839,163**	**3,216,960,372**	**70,121,209**	**102 %**	**116 %**	**4,036,148,522**
Cash flow from investing activities									
Receipts									
Proceeds on disposal of PPE	-	-	-	-	(98,231,605)	(98,231,605)	- %	- %	(82,520,092)
Decrease (increase) in financial assets	287,434,199	(198,767,420)	88,666,779	88,666,779	(19,663,760)	(108,330,539)	(22)%	(7)%	54,914,064
Payments									
Capital assets	(4,057,540,695)	(238,152,585)	(4,295,693,280)	(4,295,693,280)	(4,432,484,443)	(136,791,163)	103 %	109 %	(4,666,720,744)
Net cash flow from/used investing activities	**(3,770,106,496)**	**(436,920,005)**	**(4,207,026,501)**	**(4,207,026,501)**	**(4,550,379,808)**	**(343,353,307)**	**108 %**	**121 %**	**(4,694,326,772)**
Cash flow from financing activities									
Receipts									
Short term loans	-	-	-	-	-	-	- %	- %	-
Borrowing long term/refinancing	1,640,000,000	500,000,000	2,140,000,000	2,140,000,000	2,140,000,000	-	100 %	130 %	1,022,303,530
Payments									
Repayment of borrowing	(297,361,141)	(60,394,717)	(357,755,858)	(357,755,858)	(397,387,711)	(39,631,853)	111 %	134 %	(306,788,414)
Net cash flow from/used financing activities	**1,342,638,859**	**439,605,283**	**1,782,244,142**	**1,782,244,142**	**1,742,612,289**	**(39,631,853)**	**98 %**	**130 %**	**715,515,116**
Net increase/(decrease) in cash held	**343,819,464**	**378,237,340**	**722,056,804**	**722,056,804**	**409,192,853**	**(312,863,951)**	**57 %**	**119 %**	**57,336,866**
Cash/cash equivalents at the year begin:	1,219,703,381	(256,099,825)	963,603,556	963,603,556	967,778,428	295,332	100 %	79 %	910,441,560
Cash/cash equivalents at the year end:	**1,563,522,845**	**122,137,515**	**1,685,660,360**	**1,685,660,360**	**1,376,971,281**	**(312,568,619)**	**82 %**	**88 %**	**967,778,426**

Appendix G
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003 (Supplementary unaudited information)

Name of Grants	Name of organ of state or municipal entity	Opening balance	Correction of prior years	Transfers and Returned	Quarterly Receipts					Expen-diture	Closing balance	Grants and Subsidies delayed/ witheld	Reason for delay/ witholding of funds	Compliant with the grant conditions in terms of grant framework in the latest DoRA/ Provincial Gazette
					Sep	Dec	Mar	Jun	Total	Jun		July to June		
Capital Grants:														
Integrated national electrification Programme (INEP)	Department of Mineral & Energy (DME)	387,273	1,138,727	(1,526,000)	30,000,000	-	-	-	30,000,000	30,000,000	-	None	None	Yes
Gauteng Project Linked Housing	Gauteng:Local Government & Housing (GLGH)	26,454,435	-	48,553,230	-	-	-	-	-	56,305,113	18,702,552	None	None	Yes
Urban Settlement Development (USDG)	Cooperative Governance and Traditional Affairs (CoGTA)	9,678,160	-	(47,877,549)	262,775,000	420,440,000	367,855,000	-	1,051,070,000	1,012,870,611	-	None	None	Yes
Gautrans Job Creation	Gauteng: Transport	1,408,211	-	-	-	-	-	-	-	1,337,104	71,107	None	None	Yes
PTIS: Roads	Gauteng: Transport (GDoT)	63,587,306	-	707,352,000)	50,000,000	300,000,000	398,702,000	-	748,702,000	93,540,864	11,396,442	None	None	Yes
PTIS: Transport	Gauteng: Transport (GDoT)	9,600,629	-	628,702,000	-	-	-	-	-	634,177,352	4,125,277	None	Nonee	Yes
Housing Accreditation	Gauteng:Local Government & Housing (GLGH)	67,394	-	-	-	-	-	-	-	-	67,394	None	None	Yes
EPWP	Department of Public Works	-	-	6,651,000	-	-	-	-	-	5,726,394	924,606	None	None	Yes
Sport and Recreation	Gauteng: Sport, Arts, Culture & Recreation	515,977	-	-	-	-	-	-	-	443,360	72,617	None	None	Yes
Electricity Demand Side (EDSM)	Department of Mineral & Energy (DME)	29,524	-	-	-	-	11,000,000	-	11,000,000	10,622,559	406,965	None	None	Yes
Blue IQ	Blue IQ	24,998,876	-	-	-	-	-	-	-	12,999,757	11,999,119	None	None	Yes
Local Economic Development: Winterveldt	Gauteng:Economic Development (GPGDED)	8,750,000	-	-	-	-	-	-	-	-	8,750,000	None	None	Yes
Community Libraries Services	Gauteng: Sport, Arts, Culture & Recreation	1,884,837	-	4,000,000	-	-	-	-	-	3,761,079	2,123,758	None	None	Yes
Finance Management Grant (FMG)	National Treasury	-	-	1,717,040	-	-	-	-	-	1,433,950	283,090	None	None	Yes
Neighbourhood Development (NDPG)	National Treasury	34,017,099	-	(382,000)	9,350,000	50,217,000	92,433,000	-	152,000,000	183,447,389	2,187,710	None	None	Yes
Sandspruit: DWA	Department Water Affairs	1,853,017	-	-	-	-	1,800,255	-	1,800,255	2,489,029	1,164,243	None	None	Yes
		183,232,738	1,138,727	(67,514,279)	352,125,000	770,657,000	871,790,255	-	1,994,572,255	2,049,154,561	62,274,880			

Appendix G
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003 (Supplementary unaudited information)

Name of Grants	Name of organ of state or municipal entity	Opening balance	Correction of prior years	Transfers and Returned	Quarterly Receipts					Expen-diture	Closing balance	Grants and Subsidies delayed/ witheld	Reason for delay/ witholding of funds	Compliant with the grant conditions in terms of grant framework in the latest DoRA/ Provincial Gazette
					Sep	Dec	Mar	Jun	Total	Jun		July to June		
Operational grants/subsidies:														
Health: HIV/AIDS	Gauteng: Department of Health & Social Development	89,650	-	-	-	9,908,000	-	-	9,908,000	5,796,674	4,200,976	None	None	Yes
Primary Healthcare	Gauteng: Department of Health & Social Development	-	-	-	-	-	14,812,719	14,812,720	29,625,439	29,625,439	-	None	None	Yes
Emergency Medical Services (EMS)	Gauteng: Department of Health & Social Development	-	-	-	12,419,000	12,419,000	12,419,000	12,419,000	49,676,000	49,676,000	-	None	None	Yes
Top Structures: Project Linked Housing	Gauteng:Local Government & Housing (GLGH)	66,001,719	-	-	-	-	30,043,380	-	30,043,380	45,363,566	50,681,533	None	None	Yes
Finance Management Grant (FMG)	National Treasury	-	-	(1,717,040)	5,000,000	-	-	-	5,000,000	3,095,884	187,076	None	None	Yes
Equitable share	National Treasury	-	-	-	433,596,000	344,775,000	262,259,000	-	1,040,630,000	1,040,630,000	-	None	None	Yes
Urban Settlement Development (USDG)	Cooperative Governance and Traditional Affairs (CoGTA)	439,760	-	47,877,549	-	-	-	-	-	48,317,309	-	None	None	Yes
Water Services Operating Grant	Department of Water Affairs and Forestry (DWAF)	290,366	-	(194,000)	742,000	742,000	743,000	-	2,227,000	2,318,534	4,832	None	None	Yes
Housing Accreditation	Gauteng:Local Government & Housing (GLGH)	1,235,232	-	-	-	-	-	-	-	-	1,235,232	None	None	Yes
Bontle Ke Botho	Gauteng: Agriculture, Conservation & Environment (GDACE)	-	-	-	-	-	-	-	-	-	-	None	None	Yes
Community Libraries Servies	Gauteng: Sport, Arts, Culture & Recreation	2,545,131	-	(3,700,000)	5,190,000	-	-	-	5,190,000	3,406,296	628,835	None	None	Yes
Performance Management	Department of Local Government	268,665	-	-	-	-	-	-	-	-	268,665	None	None	Yes
PTIS: Transport	Gauteng: Transport (GDoT)	64,421,712	-	78,650,000	-	-	-	-	-	143,059,260	12,452	None	None	Yes
Revenue Enhancement	Department Public Works	-	-	-	-	-	3,500,000	-	3,500,000	-	3,500,000	None	None	Yes
Equitable Share: Fuel levy	Department Local Government	-	-	-	442,018,000	442,018,000	442,018,000	-	1,326,054,000	1,326,054,000	-	None	None	Yes
EPWP	Department of Public Works	-	-	(6,651,000)	-	-	-	10,151,000	10,151,000	-	3,500,000	None	None	Yes
		135,292,235	-	114,265,509	898,965,000	809,862,000	765,795,099	37,382,720	2,512,004,819	2,697,342,962	64,219,601			
Revenue per Statement of Financial Performance (see note 26)		318,524,973	1,138,727							4,746,497,523				
Unspent conditional grants per Statement of Financial Position (see note 10)			(319,663,700)								126,494,481			

HOUSING COMPANY TSHWANE

ANNUAL REPORT: 2012/13 FINANCIAL YEAR

Housing Company Tshwane NPC

Company Information

Registration number:	2001/029821/08
Registered address:	Shop 7-8 Ground Floor Bothongo Plaza West 271 Francis Baard Street Pretoria 0001
Postal Address:	P.O. Box 11586 The Tramshed 0126
Bankers:	Absa Limited
Auditors:	Auditor General of South Africa

Company Vision

Housing Company Tshwane seeks to become a leading Social Housing Institution capable of developing and managing quality, affordable rental housing on a sustainable basis.

Company Mission

"to provide quality, affordable and sustainable social/rental housing" through the following programmes:

- New builds: develop and manage new rental/social housing stock
- Property management: manage existing, City of Tshwane rental housing stock
- Refurbishment: refurbish and manage selected inner-city rental housing schemes within the City of Tshwane

To be capable of developing and managing quality, affordable rental housing on a sustainable basis, HCT will:

- Acquire, develop and hold immovable property primarily for occupation and use by individuals who qualify for assistance in terms of the institutional housing subsidy scheme implemented in terms of the National Housing Act. This can be done

either through new rental housing development, or the conversion and/or refurbishment of suitable inner-city buildings.

- Manage selected and existing rental stock on behalf of the City of Tshwane.
- To capacitate the company sufficiently for it to provide affordable, quality, integrated, well-managed rental housing units for the lower-middle income earners within the Tshwane Metropolitan area.

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CHAPTER ONE: INTRODUCTION AND CORPORATE PROFILE

Section 1: Corporate profile and overview of the entity

Housing Company Tshwane ("HCT") was established as a Section 21 company by the City of Tshwane ("*CoT")* in 2001. At the time, the registration was made in terms of the Companies Act, Act 61 of 1973 as amended. The company's legal form was amended to be a Non-Profit Company (NPC) during 2012/13. This means that HCT continues to work on a non-profit making basis and that all income and property of the HCT, however derived, must be applied solely towards the promotion of its main object and no portion thereof shall be paid or transferred, directly or indirectly, by way of dividend, bonus, or otherwise howsoever, to the members of the association or to its holding company or subsidiary.

HCT is therefore a Municipal Entity ("ME") wholly owned by the City of Tshwane

Briefly put, the HCT mandate can be summarised as follows

- Develop, own and manage affordable rental housing opportunities close to employment nodes, transport nodes, social amenities and related public services for households earning between R3 500 and R7 500 (as revised by the National Department of Human Settlements from time to time).
- Provide rental housing accommodation for people who do not qualify for subsidy and are unable to participate in the formal, non-subsidised housing market.
- Provide property management and turnaround services for low to medium density social or rental accommodation.

In executing its mandate, the company is expected to contribute to inter alia the following strategic objective(s) of the City of Tshwane:

- To provide basic services, roads and storm water
- To provide economic growth and development and job creation
- To provide sustainable communities with clean, healthy & safe environments and integrated social services
- To foster participatory democracy and Batho Pele Principles through a caring, accessible and accountable service
- To ensure sound governance, financial viability and optimal institutional transformation with capacity to execute its mandate.
- To ensure organisational development

The annual report is prepared bearing in mind the following:

- Targets set in 2010 as part of the Service Delivery Agreement (SDA) and Business Plan signed by the HCT and the CoT.
- The shareholder's "operations clean audit" drive

HCT STRATEGIC OBJECTIVES (as per the approved Business Plan 30 May 2009)

3.1 Core functional strategies

- **Procure sufficient stock to meet critical mass**
  - Develop and manage 2500 units (500 units in 2012/13)
  - Acquire and manage City rental stock (2012-13: other municipal stock under management)
  - Secure land/or buildings for future projects (2012-13: other land/buildings)
- **Manage procured stock efficiently and effectively (351 units as per business plan)**
  - Efficient property management
  - 100% occupation rates
  - 100% rent collection

Section 3: Chairperson's report

Housing Company Tshwane's (HCT) mandate is to develop and manage affordable social/rental housing within the boundaries of the City of Tshwane. As a municipal entity, HCT derives its mandate from the City of Tshwane (sole shareholder), and is therefore expected to contribute to the City's service delivery programme as captured in the applicable integrated development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP). Operations at HCT are underpinned by the four key guiding principles encapsulated in the company's Strategic Plan, namely *Sustainability, Affordability, Integrity,* and *Independence.*

Housing Company Tshwane did all it could to discharge of its mandate as per the old Service Delivery Agreement (SDA) with the shareholder. Certain aspects of the old SDA could not be implemented (e.g. the management of newly-refurbished City of Tshwane rental units/ buildings), and this has affected the company's performance in terms of the set targets for 2012/13. It is anticipated that this problem will be resolved during 2013/14, and that HCT can effectively grow its rental stock under management.

Overall, the company's operations during 2012/13 improved significantly as a result of a reliable cash-flow position, the capacitation of the company (i.e. the appointment of key personnel) as well as the continued improvement of the governance environment. The third, successive unqualified audit outcome achieved for 2012/13 bears testimony to the company's efforts to contribute to the City's clean audit initiative. All the matters raised by the Auditor General in the 2012/13 audit report are being attended to as required. Also, the Auditor General's 2012/13 management report will be used as a guideline towards correcting specific compliance, performance and internal control issues which need urgent attention from the HCT management and board.

Finally, I wish to take this opportunity to thank the management and staff of Housing Company Tshwane for the commitment and enthusiasm displayed during the past year. The contribution of the shareholder to the company's 2012/13 operational re-engineering is also acknowledged and appreciated. On behalf of all the Directors, I wish to thank the City of Tshwane for affording all of us the opportunity to serve the City and to contribute to the development of Housing Company Tshwane as a social housing institution.

Tshepo Phetla	Date
Board Chairperson	29 November 2013

Section 4: Managing Director's report

4.1 General performance

The company achieved a 50% performance rating during the 2012/13 external audit of the pre-determined (service delivery) objectives. The general performance is therefore not satisfactory, and the board and management are committed to raising performance levels during 2013/14 as set out in the newly approved company Business Plan (2013-2017).

4.2 Units under management

The company's book (in terms of units under management) remained unaltered, and this remains an operational challenge since Social Housing Institutions require a minimum 2000 units under management to break-even (assuming cost-recovery rentals at least). The rental stock under HCT management at the end of the 2012/13 financial year was restricted to the 95 units at the Eloff Building. The company has however succeeded in negotiating with the City's Housing department for the release of existing rental stock to HCT for management during 2013/14 and beyond, as well as the sourcing of projects for ownership or management outside of the City of Tshwane's portfolio.

4.3 New project(s)

No new projects were implemented by the company during 2012/13.

4.4 Governance

The company's governance structure for 2012/13 has been sound, with twelve (12) regular board meetings and eight (8) sub-committee meetings scheduled and concluded successfully. Company policies and operational procedures were duly reviewed and approved for implementation by management. However, limited human resources continued to undermine the company's ability to comply with *inter alia* certain provisions of the Companies Act and the Municipal Finance Management Act (MFMA).

4.5 Conclusion

The company's general performance (relative to the company mandate scorecard and targets set in the Service Delivery Agreement) was unsatisfactory. In 2013/14, management's priority is to meet all the company's pre-determined objectives and targets as detailed in the newly revised Service Delivery Agreement (SDA) and multi-year company business Plan (2013-2017), thus ensuring that there is overall compliance and that set performance targets/pre-determined objectives are met.

M Gaffane
Chief Executive Officer
30 June 2013

Section 5: Statement of responsibility

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of the company and the entire business operations.

CHAPTER TWO: PERFORMANCE HIGHLIGHTS

Section 1: Highlights and Achievements

The HCT mandate is as follows:

- Develop, own and manage affordable rental housing opportunities close to employment nodes, transport nodes, social amenities and related public services for households earning between R 3 500 and R7 500 (as revised by the National Department of Human Settlements from time to time).

- Provide rental housing accommodation for people who do not qualify for subsidy and are unable to participate in the formal, non-subsidised housing market.

- Provide property management and turnaround services for low to medium density social or rental accommodation

- Manage all CoT Council owned rental Stock

Social Housing is one of the housing programmes designed by National Department of Human Settlements to offer quality, affordable and easily accessible housing opportunities within the Inner city. In the City of Tshwane (CoT), social housing is seen as a vehicle to bring the less affluent people closer to the city centre. The CoT is conscious of the fact that the independent management of social and rental housing stock by HCT would relieve the pressure on municipal finances by dedicating the collection or rentals to an entity without “municipal baggage”, and that the non-payment culture and trends exhibited in municipal rental stock would be reversed.

The company is therefore expected to contribute to the following strategic objective(s) of the City of Tshwane:

- To provide basic services, roads and storm water
- To provide economic growth and development and job creation
- To provide sustainable communities with clean, healthy & safe environments and integrated social services
- To foster participatory democracy and Batho Pele Principles through a caring, accessible and accountable service
- To ensure sound governance, financial viability and optimal institutional transformation with capacity to execute its mandate.
- To ensure organisational development

Key service delivery highlights for the period under review are as follows:

- Continued to successfully manage ELOFF building, 95 unit residential building owned by Housing Company Tshwane.

- The Housing Company Tshwane board was active and functioned for an entire financial year without any problems. Twelve (12) regular and eight (8) sub-committee scheduled board meetings were held during the 2012/13 financial year.

The implementation of the Service Delivery Agreement (SDA) was initiated during 2010/11. The SDA spells out the relationship between HCT and the CoT with respect to the discharging of the social housing delivery mandate. The SDA also spells out the roles and responsibilities of both the HCT and the CoT, the land development process (including future social housing projects to be developed and managed by HCT). The SDA also governs among other things the deliverables and performance milestones expected from HCT as the City’s social housing delivery agent, and also stipulate the financial and other support to

be given to HCT by the City of Tshwane. Several key aspects of the SDA could not be implemented (e.g. the management of newly-refurbished City of Tshwane rental units/ buildings), and this has affected the company's performance in terms of the set targets for 2012/13. The plan for 2013/14 is to gradually build the portfolio under management by pursuing a strategy based on existing properties and new-builds where possible. This is in line with the newly revised SDA (the old SDA expired 30 April 2013).

Section 2: Financial Performance

The operating results for this financial year (01 July 2012 to 30 June 2013) are as follows:

Table 1 Operating results

Summary Statement of Financial Performance			
Description	**YTD Budget - June 2013 R'000**	**YTD actual - June 2013 R'000**	**YTD variance - June 2013 R'000**
Total Revenue	R17,224	R16,863	(R361)
Total Expenses	R17,224	R10,256	R6,968
Surplus/Deficit	**0**	**R6,607**	**R6,607**

The overall financial performance resulted in an accumulated surplus of **R 6, 6 million**. This is attributable to the fact that HCT could not finalise the appointment of board-approved Service Providers/Contractors to provide services related to the preliminary project work (Townlands Project). Also, up until 30 June 2013 the company (HCT) had not been fully accredited by the Social Housing Regulatory Authority (SHRA) to carry out social and rental housing developments. SHRA is working with the company to ensure that accreditation is achieved by 28 February 2014.

2.1.1 Operating Revenue

Recorded variances are from revenue categories such as rental revenue and other revenue (bad debts recoveries, maintenance recoveries and interest received). The variance can be explained as follows:

2.1.2 Rental revenue

For the financial year 2012/2013 (July 2012 – June 2013), the revenue from rental decreased as per the budget due to vacancy rate at the Eloff building, reflecting that there were more vacant flats in the quarters 1 and 4. **Variance (R124, 864).**

2.1.3 Other revenue

Housing Company Tshwane's Credit control has improved since the installation of Biometric access control at Eloff building as R17,976 was collected by Debt Controller **(variance = R36,371)**

2.2 Operating Expenses – refer table F1

2.2.1 Expenditures

Major expenditure variances were recorded from broad expenditure categories such as employee related costs, remuneration of directors, finance charges, contracted services and other expenditures.

2.2.2 Employee related costs

The variance is due to the fact that certain positions (as per approved organogram) were placed on hold pending transfer of additional building by COT to HCT. Appointment of additional staff for management of Eloff will result in fruitless and wasteful expenditure as the staff will idle with limited job responsibilities. The total salary bill excludes benefits such as provident fund or pension fund, medical aid contributions and cell phone allowances as all HCT employees are employed on a contract basis and do not receive such allowances (**variance – R727,000 million**)

2.2.3 Remuneration of directors

The variance is attributable to the fact that the company had more board meetings. There were 12 board meetings and 8 sub-committee meetings in the current financial year and 10 in the prior year **(variance – R 28,000).** The company will ensure that the 2013/14 board meetings do not exceed the budgeted allowance as per the approved board calendar.

2.2.4 Depreciation and amortization

The variance on depreciation is due to the review of useful life of assets. The effect of this review has decreased the depreciation charges for the current financial year **(variance – R187,548).**

2.2.5 Finance Charges

For this financial year, Housing Company Tshwane (HCT) has paid R463,633 in finance charges. Finance charges are paid on the National Housing Finance Corporation (NHFC) loan (**variance – R736**)

2.2.6 Contracted Services and other expenses

The variance is due to the fact that the appointment of Service Providers for the Townlands Project was not finalized during the period under review (**variance – R8, 8 million).**

2.2.7 Fair value adjustment

Housing Company Tshwane did not budget for the reduction in value of the investment property. The fair value was determined by an independent valuer using the income capitalization method. **(variance – R2,7 million).**

2.3 In-year Budget Statement Tables: June 2013

The financial results for the period ended 30 June 2013 (2012/13 financial year) are summarized in the table below:

2.3.1 Table F4 : Financial Position
2.3.2 Table F5 : Cash Flows

Housing Company Tshwane - Table F4 Monthly Budget Statement - Financial Position - M12 June 2013

Vote Description	2011/12	Current Year 2012/13			
R thousands	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS					
Current assets					
Cash	18,503	9,673	20,834	26,889	20,834
Call investment deposits	–	–	–		–
Consumer debtors	255	12	46	626	46
Other debtors	19	113	19	99	19
Current portion of long-term receivables	–	–	–		–
Inventory	–	–	–		–
Total current assets	**18,777**	**9,799**	**20,899**	**27,613**	**20,899**
Non-current assets					
Long-term receivables	–	–	–		–
Investments	–	–	–		–
Investment property	15,871	21,343	16,188	13,200	16,188
Property, plant and equipment	132	1,128	1,719	211	1,719
Agricultural assets	–	–	–		–
Biological assets	–	–	–		–
Intangible assets	–	–	–	71	–
Total non-current assets	**16,003**	**22,470**	**17,907**	**13,482**	**17,907**
TOTAL ASSETS	**34,780**	**32,269**	**38,806**	**41,095**	**38,806**
LIABILITIES					
Current liabilities					
Bank overdraft	–	9,670	–		–
Borrowing	315	–	315	315	315
Consumer deposits	437	348	445	419	445
Trade and other payables	1,072	325	536	559	536
Provisions	127	716	185	682	185

Total current liabilities	**1,951**	**11,059**	**1,481**	**1,975**	**1,481**
Non-current liabilities					
Borrowing	3,119	3,189	2,871		2,871
Provisions	–	–	–	2,804	–
Total non-current liabilities	**3,119**	**3,189**	**2,871**	**2,804**	**2,871**
TOTAL LIABILITIES	**5,070**	**14,248**	**4,352**	**4,779**	**4,352**
NET ASSETS	**29,710**	**18,021**	**34,454**	**36,316**	**34,454**
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	29,710	18,021	29,840	36,316	29,840
Reserves			–		–
Share capital		–	4,614		4,614
TOTAL COMMUNITY WEALTH/EQUITY	**29,710**	**18,021**	**34,454**	**36,316**	**34,454**

Housing Company Tshwane - Table F5
Monthly Budget Statement - Cash Flows -
M12 June 2013

Description	2011/12	Current Year 2012/13							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	2,579	2,744	2,488	101	2,678	2,488	190	7.6%	2,488
Government - operating	13,500	13,568	28,743	–	13,727	28,743	(15,016)	-52.2%	28,743
Government - capital	–	–	–	–	–	–	–		–
Interest	0	2	6	7	7	6	1	16.7%	6
Dividends	–	–	–	–	–	–	–		–
Payments									
Suppliers and employees	(5,984)	(12,687)	(11,187)	(538)	(7,076)	(11,187)	4,111	-36.7%	(11,187)
Finance charges	(514)	(461)	(464)	(35)	(464)	(464)	0	0.0%	(464)
Dividends paid	–	–	–	–	–	–	–		–
Transfers and Grants	–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES	**9,581**	**3,167**	**19,586**	**(466)**	**8,872**	**19,586**	**(10,714)**	**-54.7%**	**19,586**
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	–	–	–	–	–	–	–		–
Decrease (Increase) in non-current debtors	–	–	–	–	–	–	–		–
Decrease (increase) other non-current receivables	–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–		–
Payments									
Capital assets	(140)	(6,007)	(1,596)	(119)	(171)	(1,596)	1,425	-89.3%	(1,596)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(140)**	**(6,007)**	**(1,596)**	**(119)**	**(171)**	**(1,596)**	**(1,425)**	**89.3%**	**(1,596)**

CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	–	–	–	–	–	–	–		–
Borrowing long term/refinancing	–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits	–	–	–	–	–	–	–		–
Payments									
Repayment of borrowing	(608)	(315)	(315)	(104)	(315)	(315)		0	(315)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(608)**	**(315)**	**(315)**	**(104)**	**(315)**	**(315)**		**0**	**(315)**
NET INCREASE/ (DECREASE) IN CASH HELD	**8,833**	**(3,156)**	**17,675**	**(689)**	**8,386**	**17,675**	**(9,289)**	**-52.6%**	**17,675**
Cash/cash equivalents at the year begin:	9,670	3,159	3,159		18,503				3,159
Cash/cash equivalents at the year-end:	18,503	3	20,834	(689)	26,889	17,675	(9,289)	-52.6%	20,834

Section 3: Performance against IDP and City Scorecard

	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	BASELINE	2012/13 TARGET	2012/13 BUDGET	ACTUAL RESULT(s)	MEASURES TO CORRECT NON-ACHIEVEMENT OF TARGETS
SO 1	**Procure sufficient stock to meet critical mass**	1.1 Develop and manage 2500 units	0	500	-	Target not achieved. -No new units completed in 2012/13	Target removed for 2013/14 as it is not achievable (project not ready for implementation) Revised target reinstated for 2014/15 on the new HCT multi-year business plan
		1.2 Acquire and manage City rental stock	0	Other municipal stock under management	-	Target not achieved. -No new units acquired in 2012/13	Target removed for 2013/14 as it is not achievable. KPI not specific, measurable, achievable, realistic or time-bound.
		1.3 Secure land/or buildings for future projects	0	Vague target-“other land/buildings”	-	Target not achieved. -No new units acquired in 2012/13.	KPI same as 1.1 so it is not useful. Target removed for 2013/14 as it is not achievable. KPI not specific, measurable, achievable, realistic or time-bound. New agreement with City of Tshwane to transfer City rental stock in place. 159 units already transferred effective 01 July 2013. 2013/14 targets reflect this.
SO 2	**Manage procured stock efficiently and effectively**	2.1 Efficient property management	95	Vague target-“improve PMS”	-	Target achieved on the existing property (95 units) with respect to managing procured stock efficiently and effectively using the existing property management system, rudimentary as it is. However, KPI not specific, measurable, achievable, realistic or time-bound.	New agreement with City of Tshwane to transfer City rental stock in place. 159 units already transferred effective 01 July 2013. 2013/14 targets on track (based on a new Business Plan with SMART objectives and targets).

•						-New buildings not yet transferred to HCT for management -	
		2.2 100% occupation rates	95 %	Vacancy rate below 5%	-	Target of 95% % occupancy achieved (98%) , but . KPI not specific, measurable, achievable, realistic or time-bound.	New agreement with City of Tshwane to transfer City rental stock in place. 159 units already transferred effective 01 July 2013. 2013/14 targets on track (based on a new Business Plan with SMART objectives and targets). Occupancy target revised to 95%
		2.3 100 % rent collection	+95%	Improved tenant awareness, (leading to 100% collection of rentals due)		103% collection rate. Target t achieved. KPI still not specific, measurable, achievable, realistic or time-bound though.	2013/14 targets on track (based on a new Business Plan with SMART objectives and targets

3.1 Performance rating 2012/13

Total targets 2012/13	Total targets achieved 2012/13	Total targets not achieved for 2012/13 as per 30 May 2009 Business Plan	Performance rating
6	3	3	50 %

3.2 Measures taken to improve performance for targets not achieved in 2012/13

Key Performance indicator	Reasons for target not being achieved in 2012/13	Measures adopted to achieve target in 2013/14
1.1 Develop and manage 2500 units	Housing Company Tshwane (HCT) not fully accredited by the Social Housing Regulatory Authority (SHRA) to access funding for social housing projects Greenfields projects not ready in terms of land release, feasibility studies and funding applications	Target removed for 2013/14 as it is not achievable (projects not ready for implementation) Revised target reinstated from 2014/15 on the new HCT multi-year business plan HCT has re-applied to SHRA for accreditation. All outstanding SHRA queries addressed
1.2 Acquire and manage City rental stock	No new rental stock was transferred by the City of Tshwane to HCT	Target removed for 2013/14 as it is not useful, and is the same as target (KPI) 1.1 above.
1.3 Secure land/or buildings for future projects	No new rental stock was transferred by the City of Tshwane to HCT	New agreement with City of Tshwane to transfer City rental stock in place. 159 units already transferred effective 01 July 2013. 2013/14 targets reflect this

Key Performance indicator	**Reasons for target not being achieved in 2012/13**	**Measures adopted to achieve target in 2013/14**
2.1 Efficient property management	No new buildings were managed by HCT during 2012/13, thus no increase in stock under management. Existing 95-unit property well managed.	Target achieved only on the existing property with 95 units. Revised KPI on new 2013/14 business plan now specific, measurable, achievable, realistic or time-bound.
2.2 100% occupation rates	It's unrealistic to plan for 100% occupancy. An occupancy rate of 95 % with a vacancy rate of 5% more realistic. Current adverse economic conditions, and perhaps higher rentals at the building managed by HCT, are likely to result in a less-than 100% occupancy rate.	A 95% occupancy rate is factored into the 2013/14 business plan as one of the targets under property management. Vacant units being marketed actively by the company to ensure a maximum vacancy rate of 5%. All units are being refurbished incrementally to make them more attractive to tenants, thus likely to reduce vacancies. For 2013/14, rent increases will be kept below 10% (once approved by board) to make HCT rental stock more attractive price-wise, and therefore more readily marketable
2.3 100 % rent collection	Processes to maximize outstanding recoveries on default accounts in place but not effective. Legal option also pursued for 90days+ overdue accounts.	Target removed on the new 2012/13 scorecard as it is not SMART Revised target limited to 95% targeted collection rate (2013/14 onwards).

Section 4: Assessment of arrears on municipal taxes and service charges

4.1 Amounts owed by the Entity for service charges

Name of entity	Amount Owed R'000	Status	Comments
City of Tshwane	n/a	n/a	n/a

CHAPTER THREE: DIRECTOR'S REPORT AND GOVERNANCE

Section 1: Corporate Governance Statement

The Board of Directors and Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King II/III Code on Corporate Governance. Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. By and large, the entity has complied with the Code in all respect during the year under review.
The Board of Directors has incorporated the City of Tshwane's Corporate Governance Protocol (the Protocol) in its Board Charter, which *inter alia* regulates its relationship with the City of Tshwane as its sole member and parent municipality in the interest of good corporate governance and good ethics.

The Protocol is premised on the principles enunciated in the King Report for Corporate Governance for South Africa 2002 ("King II/III report"). The Company steadfastly consolidated its position in respect of adherence to the King II report on Corporate Governance. Housing Company Tshwane' practices are, in most material instances, in line with the principles set out in the King II/III Report. On-going steps are however taken to align practices with the Report's recommendations and the Board continually reviews our progress to ensure that we improve our Corporate Governance. During the year under review the Company did not finalise its risk management reviews as well as reporting and compliance assessments in terms of the Companies Act and the Municipal Finance Management Act (MFMA).

Section 2: Board of Directors

The Housing Company Tshwane board consists of eight (08) non-executive directors. The Board was chaired by the non-executive director**,** Mr. Tshepo Phetla during the 2012/13 financial year (01 July 2012-30 June 2013). The Board remains accountable to City of Tshwane Metropolitan Municipality, the sole member and its stakeholders, the citizens of Tshwane. The Board provides Monthly, Quarterly, Bi-Annually and Annual Reports on its performance and service delivery to the parent municipality as prescribed in the SDA, the MFMA and the MSA.

Non-executive Directors contribute an independent view to matters under consideration and add to the depth of experience of the Board. The roles of Chairperson and Chief Executive Officer are separate, with responsibilities divided between them. The Chairperson has no executive functions. Members

have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters including compliance with Company Rules and Procedures, statutory regulations and best corporate practices.

The Board or any of its members may, in appropriate circumstances and at the expense of the company, obtain the advice of independent professionals. An annual director and peer review is undertaken, as well as a Board evaluation. The company's governance structure for 2012/13 has been sound, with twelve (12) regular board meetings scheduled and concluded successfully.

The following directors have been active for the year under review:

- Mr. T Phetla (Chairman)
- Adv. ME Mphahlele
- Ms. MN Lehlokoa
- Ms. DM Masilela
- Adv. SS Kholong
- Dr. TJ Mokgoro
- Dr. W Rowland
- Dr. AJ Singh

Board attendance registers are kept and are up to date with respect to inter alia the disclosure and declaration of interests of directors and senior management. The Board and Senior Management ensure that there is full material compliance to all relevant legislation. Company Secretary has certified in terms of section 268(d) of the Companies Act that all statutory returns have been submitted to the Registrar of Companies.

Section 3: Board Committees

The following committees have been formed, each of which is chaired by a non-executive director.

3.1 Human Resources, Remuneration and Procurement Committee

The committee consisted of the following non-executive directors:

- Dr. William Rowland
- Ms. Dombolo Masilela
- Adv. Tebogo Kholong

The committee advises the board on remuneration policies, remuneration packages and other terms of employment for directors and senior executives. Its specific terms of reference also include recommendations to the board on matters relating *inter alia,* general staff policy, remuneration, bonuses, director's remuneration and fees.

3.2 Risk, Finance and Social Ethics Committee

The risk, finance and social ethics committee consists of the following non-executive directors

- Dr. Tebogo Job Mokgoro (Chairperson)
- Adv. Matane Edwin Mphahlele
- Dr. Anirood John Singh.

The committee has been delegated the task of overseeing the quality, integrity and reliability of the company's risk management function. In terms of its mandate, it reviews and assesses the integrity and the quality if risk control systems and ensures that risk policies and strategies are effectively managed. The committee did not meet during the year under review.

3.3 Development and Projects Committee

The development and projects committee consists of the following non-executive directors

- Ms. Mirriam Lehlokoa (Chairperson)
- Dr. Anirood John Singh.
- Adv. Tebogo Kholong

3.4 Audit and Performance Committee

The City of Tshwane -appointed single Audit and Performance Committee serviced all Municipal entities during 2012/13.The Audit and Performance Committee consists of the following non-executive directors:

- Melck, A.P.. (Chairperson)
- Makinta, S.M.
- Noxaka,P
- Rangongo, M.G.
- Mzizi, P
- Sebeelo, M.K.
- Sebesho, L.
- Mnisi,P.R.
- Fourie, P.S.
- Magongwa, B.N.
- Gounden,S.

The role of the audit and performance committee is to assist the boards of municipal entities by performing an objective and independent review of the functioning of the organizations' finance and accounting control mechanisms. It exercises its functions through close liaison and communication with corporate management and the internal and external auditors.

The audit committee operates in accordance in with a written charter authorised by the City of Tshwane as well as the boards of municipal entities, and provides assistance to the board with regard to:

- Ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- Matters relating to financial accounting, accounting policies, reporting and disclosures;
- Internal and external audit policy;
- Activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
- Review/ approval of external audit plans, findings, problems, reports and fees;

- Compliance with the Code of Corporate Practices and Conduct; and
- Compliance with code of ethics.

The audit committee addressed its responsibilities properly in terms of the charter during the year under review. No changes to the charter were adopted during the year under review. Management has reviewed the financial statements with the audit committee and the audit committee has reviewed them without management or the external auditors being present. The quality of the accounting policies was discussed with the external auditors.

The audit committee considers the annual financial statements of the entity to be a fair presentation of its financial position on 30 June 2013 and of the results of its operations, changes in equity and cash flow (where applicable) for the period ended then in accordance with GRAP and the Companies Act.

Section 4: Company Secretarial Function

The primary function of the company secretary is to act as the link between the board and management and to facilitate good relationships with the shareholders. The company secretary is responsible for the general administration, more specifically to ensure compliance to good corporate governance practices and to provide guidance to the directors on corporate governance principles and applicable legislation.

Section 5: Risk Management and Internal controls

Effective risk management is integral to the company's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures are in place to manage operating risk involve segregation of duties, transaction authorisation, supervision, monitoring and financial and managerial reporting.

In order to meet its responsibility with respect to providing reliable financial information, the entity maintains financial and operational systems of internal controls. These controls are designed to provide reasonable assurance that transaction are concluded in accordance with management authority, that the assets are adequately protected against material loss or unauthorized acquisition, use or disposal and that transactions are properly authorised and recorded. The system includes a documented organisation structure and visions of responsibility, established policies and procedures, including a Code of Ethics to foster a strong ethical climate, which ate communicated to the parent municipality. It also includes the careful selection, training and development of people.

Internal auditors monitor the operation of the internal control systems and report findings and recommendations to management and the board of directors. Corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are defined. The board, operating through its audit and performance committee of the City of Tshwane, provides supervisions of the financial reporting process and internal control systems. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls.

Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of internal control systems can change with circumstances. The internal control process has been in place up to the date of approval of the annual report and financial statements.

Section 6: Internal Audit Function

The City of Tshwane's internal audit department has a specific mandate and independently appraises the adequacy and effectiveness of the company's systems, financial internal controls and accounting records, reporting its findings to local and divisional management and the auditor-general as well as the audit committee.
The internal audit coverage plan is based on risk assessment performed at each operating unit. The coverage plan is updated annually, based on the risk assessment and results of the audit work performed. This ensures that the audit coverage is focused on and identifies areas of high risk.

The City of Tshwane's internal audit department reports regularly to the Audit and Performance Committee. The Auditor General is invited to all meetings of the Audit and Performance Committee.

The internal audit department interrogated the company's performance for all the four (04) quarters of the 2012/13 financial year. The internal audit department assisted the company to finalise its risk register for 2012/13.

Section 7: Response to the Auditor-General Report

Sect	Audit findings	Recommendations	Management Responses	Action	Responsible Person	Target date
14-19	**<u>Pre-determined objectives</u>** Planned and reported indicators are not specific, not measurable, not well defined and/or verifiable. In terms of approved Business Plan of 2009, planned and reported indicators were not defined and verifiable and this is due to not following the "SMART" criteria.	The smart criteria being (specific, measurable, achievable, realistic and time bound) must be followed on the development of indicators on the business plan.	We agree with the finding with respect to objectives based on the 2009/10 business plan not being "Smart". This matter has since been rectified in the newly approved business plan.	Management must follow the "Smart" criteria on the development of indicators on the Business Plan.	CEO	Annually
20-25	**<u>Compliance with laws and regulations</u>** The entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. Non-compliance in terms of budgets (section 87(5) (b)	Comply with laws and regulations.	We agree with the Auditor General's findings.	Rectify all matters raised in the Audit Report and Management Letter by monitoring compliance on an ongoing and	CEO	Monthly. Management Letter Action Plan to address AG issues to be completed and approved by the HCT board 29

Sect	Audit findings	Recommendations	Management Responses	Action	Responsible Person	Target date
	of the MFMA, Annual Financial Statements preparation (section 122 of the MFMA), performance management (section 95(c)(i) of the MFMA) and expenditure management (section 95(d) of the MFMA.			consistent basis.		November 2013 (Done). Thereafter the boards Finance and Risk committee to monitor compliance regularly.
29	**Governance** No risk assessment procedures relating to performance information reporting. In terms of the National treasury framework for managing programme performance information chapter 4, management must develop and implement proper risk management process for performance. However the company did not develop and implement risk management process in terms of the performance management function.	Management must ensure that a proper risk management process in terms of the performance management function are developed and implemented as per the National treasury framework for managing programme performance information.	The 2013/14 risk management process will incorporate the performance management function and be implemented as per the National treasury framework for managing programme performance information.	Management will ensure that a proper risk management process in terms of the performance management function is developed and implemented as per the National treasury framework for managing programme performance information.	CEO	Annually

Section 8: Corporate Ethics and Organisational Integrity

The company has developed a Code of Conduct (‘the Code”) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism.

In summary the Code requires that at all times, all company personnel act with utmost integrity and objectivity and in compliance with the letter and spirit of both the law and company policies. Failure by employees to act in terms of the Code results in disciplinary action. The Code is discussed with each new employee as part of his or her induction training and all employees are asked to sign an annual declaration confirming their compliance with the Code. A copy of the Code is available to interested parties upon request. Any breach of the Code is considered a serious offence and is dealt with accordingly; as a result, this acts as a deterrent. The directors believe that ethical standards are being met and fully supported by the ethics programme.

Section 9: Sustainability Report

The three year (2010/11-2012/13) financial commitment from the shareholder has revived the company’s operations. The company is therefore committed to implementing new projects as per the signed Service Delivery Agreement (SDA) and approved business plan. New projects and the resultant revenue will assist the company towards sustainability beyond 2012/13 and a move away from dependence on grant (shareholder) funding to prop up operations.

Section 10: Corporate Social Responsibility Projects

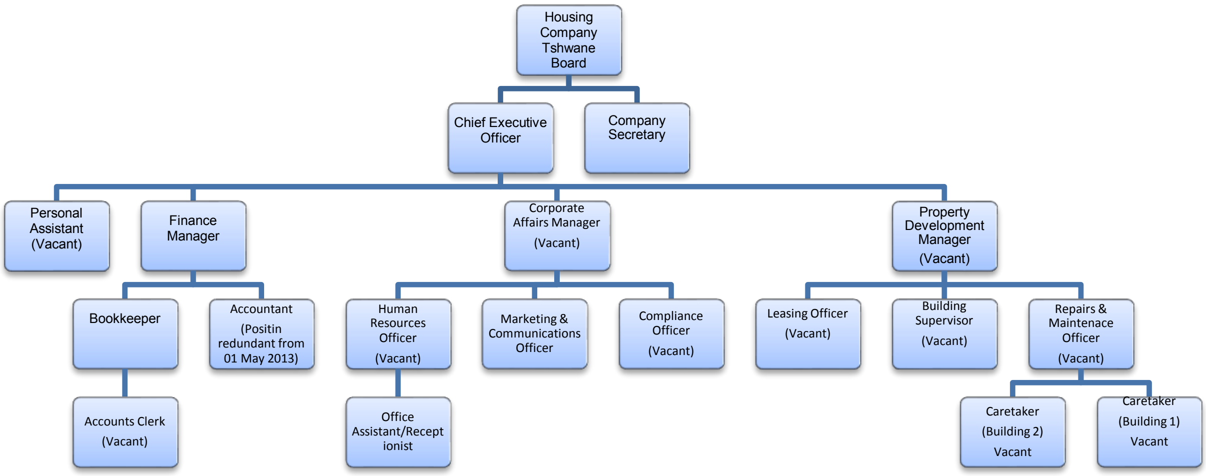
None

CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

Section 1: Human Resource Management

Staff information

4.1 Housing Company Tshwane organisational structure 2012/13



* A process to fill all key posts during 2013/14 (as per the approved Human Resources Plan) is underway. The filling of vacancies is currently linked to the company's expectation to manage additional City of Tshwane properties in the first instance, as well as any new projects earmarked for development by HCT. The filling of critical vacancies is therefore linked to the company's ability to meet its mandate.

4.2 Statistical information

Statistical information:	2011/12		2012/13	
Number and cost to employer of all personnel associated with the housing function:	**Nr** **13***	**R (000's)** 3,246,257	Nr 7	*R (000s)* *4,098,771*
- Professional (Engineers/Consultants)	3	2,021,180	2	3,506,423
- Field (Supervisors/Foremen)			-	-
- Office (Clerical/Administration)	4	1,021,076	4	586,840
- Non-professional (blue collar, outside workforce)	6	204,001	1	5,508
- Temporary			-	
- Contract	*12*		*7*	
Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.	**12**	**3,246,257**	**7**	**4,098,771**

*** One (01) resignation during the financial year**

Key function (as per organisational structure, e.g. planning; connections etc.)	**2011/12**		**2012/13**	
	Number of posts	**Number of posts filled**	**Number of posts**	**Number of posts filled**
Management	3	2	4	2
Administration	6	6	8	4
Field staff	5	5	4	1
TOTAL	**14**	**13**	**16**	**7**

4.3 Trends in personnel expenditure

Financial year	R
2008/9	R3,165,093
2009/10	R1,965,713
2010/11	R2,382,227
2011/12	R3,246,257
2012/13	R4,098,771

4.4 Disclosure of senior staff benefits

Incumbent	Pay number	Designation	Remuneration package per annum (2012/13) R
M. Gaffane		CEO	1,659,416
L. Makibinyane		Finance Manager	610,893

4.5 Disclosures Concerning Board Members

Director	Salaries & Wages R'000	Total (Rands)
T. Phetla	R5844.00 p/ meeting	**R 95,153**
D M Masilela	R5844.00 p/ meeting	R95,153
Kholong	R5844.00 p/ meeting	R53,781
M Lehlokoa	R5844.00 p/ meeting	R125,117
T Mokgoro	R5844.00 p/ meeting	R71,647
E Mphahlele	R5844.00 p/ meeting	R107,343
W Rowland	R5844.00 p/ meeting	R101,324
A Singh	R5844.00 p/ meeting	R101,324
TOTAL		**R750,842**

Section2: Employment Equity

Occupational Categories	Male			Female				White Male	Foreign Nationals		TOTAL
	A	C	I	A	C	I	W	W	Male	Female	
Senior officials and managers	1			1							2
Officers				3					1		4
Clerks											
Security Personnel											
Craft and related trades workers	1										1
TOTAL PERMANENT	-	-	-	-	-	-	-	-	-	-	-
Non – permanent employees	2			4					1		7
GRAND TOTAL											**7**

Section 3: Employee benefits

<u>Pension Funds</u>

There are currently no pension and/or provident fund benefits for Housing Company Tshwane staff members.

Fund	**2012/13**
	Number of members
Not applicable	Not Applicable for 2012/13
TOTAL	

<u>Medical Aid Funds</u>

Housing Company Tshwane staff members do not belong to any medical aid scheme. The company does not contribute to the employees' medical expenses at the moment.

Outstanding Amounts owed to the Entity by employees

Number of employees	Type of loan/outstanding debt	Total rand owed
None	None	Not applicable
TOTAL		

Section 4: Supply Chain Management

All goods and services under R200 000.00 procured during 2012/13 were procured using the approved supply chain management policy of the company which is consistent with that of the City of Tshwane and the Municipal Supply Chain Management Regulations (GenN 868 in GG 27636 of 30 May 2005) .

No tenders were advertised during the financial year:

CHAPTER FIVE: AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND THE COUNCIL OF THE CITY OF TSHWANE METROPOLITAN MUNICIPALITY ON THE HOUSING COMPANY TSHWANE NON PROFIT COMPANY

Introduction

1. I have audited the financial statements of the Housing Company Tshwane Non Profit Company (NPC) as set out on pages … to …, which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets, the cash flow, the statement of comparison of budget and actual amounts for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008)(Companies Act), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004)(PAA), the *general notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Housing Company Tshwane NPC as at 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and the Companies Act.

Additional matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

7. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Other reports required by the Companies Act

8. As part of my audit of the financial statements for the year ended 30 June 2013, I have read the Directors' Report and the Company Secretary's Certification for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports I have not identified material inconsistencies between the reports and the audited financial statements in respect of which I have expressed an unqualified opinion. I have not audited the reports and accordingly do not express an opinion on them.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In accordance with the PAA and the *general notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages … to … of the annual report.

11. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury framework for managing programme performance information.

12. The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

13. The material findings are as follows:

Usefulness of information

Measurability

Performance targets are not specific

14. The National Treasury Framework for managing programme performance information (FMPPI) requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 67% of the targets were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management was aware of the requirements of the FMPPI but chose not to apply the principles contained in the FMPPI to the current service delivery agreement.

Performance targets are not measurable

15. The FMPPI requires that performance targets be measurable. The required performance could not be measured for a total of 67% of the targets. This was due to the fact that management was aware of the requirements of the FMPPI but chose not to apply the principles contained in the FMPPI to the current service delivery agreement.

Performance indicators are not well defined

16. The FMPPI requires that indicators/measures should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 50% of the indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management was aware of the requirements of the FMPPI but chose not to apply the principles contained in the FMPPI to the current service delivery agreement.

Performance indicators are not verifiable

17. The FMPPI requires that it must be possible to validate the processes and systems that produce the indicator. A total of 50% of the indicators were not verifiable in that valid processes and systems that produce the information on actual performance did not exist. This was due to the lack of key controls in the relevant systems of collection of actual performance information.

Additional matter

18. I draw attention to the matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

Material adjustments to the annual performance report

19. Material audit findings in the annual performance report were identified during the audit, of which some were corrected by management and those that were not corrected have been reported on accordingly.

<u>Compliance with laws and regulations</u>

20. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *general notice* issued in terms of the PAA are as follows:

Budgets

21. The budget of the municipal entity was not consistent with the business plan attached to the service delivery agreement between the entity and the entity's parent municipality, as required by section 87(5)(b) of the MFMA.

Annual financial statements

22. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of property, plant and equipment, intangible asset and unspent conditional grant in the statement of financial position, revenue from non-exchange transactions in the statement of financial performance, cash receipts from customers and grants in the cash flow statement, commitments, related party balances and related party transactions disclosed in the notes identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Strategic planning and performance management

23. The accounting officer assessed the performance of the entity during the first half of the financial year by 20 January 2013, however, he did not take the targets set in the approved business plan (2009) included in the service delivery agreement with the entity's parent municipality into account, as required by section 88(1)(a) of the MFMA.
24. The municipal entity did not have and maintain effective, efficient and transparent systems of financial and risk management and internal controls as required by section 95(c)(i) of the MFMA.

Expenditure management

25. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as by section 95(d) of the MFMA.

<u>Internal control</u>

26. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

27. The entity did not have sufficient monitoring controls to ensure the proper implementation of the overall process of financial reporting as material misstatements have been identified during the audit which has been corrected. The entity did not have documented and approved internal policies and procedures to address the process of collection/recording/processing/monitoring/ reporting of performance information.

Financial and performance management

28. The financial statements contained numerous misstatements that were corrected. This was mainly due to staff members not fully understanding the requirements of the financial reporting framework. The annual performance report contained numerous misstatements that were corrected and this was mainly due to staff members not fully understanding the performance information requirements. Non-compliance with laws

and regulations could have been prevented had compliance been properly reviewed and monitored.

Governance

29. The entity did not conduct a risk assessment as required by the MFMA specifically relating to the performance management function. Risks affecting the achievement of performance targets were not monitored resulting in targets not being achieved.

Johannesburg

30 November 2013

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE B

AUDITED ANNUAL FINANCIAL STATEMENTS
(Housing Company Tshwane: 2012/13)

HOUSING COMPANY TSHWANE

Housing Company Tshwane NPC
(Registration number 2001/029821/08)
Annual Financial Statements
for the year ended June 30, 2013
These annual financial statements have not been audited or independently reviewed in compliance with the applicable requirements of the
Companies Act 71 of 2008.

Housing Company Tshwane NPC

(Registration number 2001/029821/08)
Annual Financial Statements for the year ended June 30, 2013

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	Non Profit Company
Company registration number	2001/029821/08
Nature of business and principal activities	To develop and manage social / rental housing for the benefit of the community
Directors	AJ Singh D Masilela ME Mphahlele MN Lehlokoa SS Kholong T Phetla TJ Mokgoro W Rowland
Registered office	Shop 7-8 Ground Floor Bothongo Plaza West 271 Francis Baard Street Pretoria 0001
Postal address	PO Box 11586 The Tramshed 0126
Controlling entity	City of Tshwane
Bankers	ABSA Bank
Auditors	Auditor General of South Africa
Secretary	Nalini Maharaj Attorneys
Applicable legislation	Company's Act Municipal Finance Management Act (Act 56 of 2003) Municipal Structures Act (Act 117 of 1998) Municipal Systems Act (Act 32 of 2000) Housing Act (Act 107 of 1997) Constitution of the Republic of South Africa (Act 108 of 1996) Public Audit Act
Preparer	The annual financial statements were internally compiled by: L Makibinyane Finance Manager
Published	August 31, 2013

Housing Company Tshwane NPC

(Registration number 2001/029821/08)
Annual Financial Statements for the year ended June 30, 2013

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Housing Company Tshwane NPC
(Registration number 2001/029821/08)
Annual Financial Statements for the year ended June 30, 2013

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his responsibility to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently being applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the entity's cash flow forecast for the year to 30 June 2014 and, in the light of this review and the current financial position, he is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future, provided that City of Tshwane Metropolitan Municipality (CTMM) continues its financial support for the entity.

The entity is wholly dependent on the City of Tshwane for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the City of Tshwane has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the accounting officer is primarily responsible for the financial affairs of the entity, he is supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 5 to 44, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2013 and were signed on the company's behalf by:

M Gaffane
Chief Executive Officer

Report of the Auditor General

To the Provincial Legislature of Housing Company Tshwane NPC

Housing Company Tshwane NPC
(Registration number 2001/029821/08)
Annual Financial Statements for the year ended June 30, 2013

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2013.

1. Review of activities

Main business and operations

Housing Company Tshwane SOC Ltd is a municipal entity of the City of Tshwane as defined in the MFMA.

The entity is engaged in developing and managing social / rental housing for the benefit of the community and operates principally in South Africa.

During the year there were no changes in the activities of the business.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the entity was R 6,606,804 (2012: surplus R 9,882,148)

2. Subsequent events

The accounting officer is not aware of any significant matter or circumstance arising since the end of the financial year which may have an effect on the financial statements

3. Share capital / contributed capital

The entity is a non-profit company and has no share capital during the year under review.

4. Dividends or similar distributions

No dividends were declared or paid to shareholder during the year.

5. Directors

The directors of the entity during the year and to the date of this report are as follows:

Name
AJ Singh
D Masilela
ME Mphahlele
MN Lehlokoa
SS Kholong
T Phetla
TJ Mokgoro
W Rowland

6. Meeting and appointments

The board has met on twelve (12) separate occasions during the year and there were also seven (7) extra-ordinary special board meetings and eight (8) sub-committee meetings. The board is scheduled to meet at least four (4) times per annum.

7. Secretary

The secretary of the entity is Nalini Maharaj Attorneys of:

Business address

1 Wisteria Mews
52 van der Walt Street
Meyersdal
1448

Accounting Officer's Report

8. Controlling entity

The entity's controlling entity is City of Tshwane.

9. Auditors

In accordance with section 92 of the Municipal Finance Act (No 56 of 2003), Auditor General of South Africa will continue as the entity's external auditor for the next financial period.

Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Nalini Maharaj Attorneys
Company Secretary
Place of Signature

Housing Company Tshwane NPC
(Registration number 2001/029821/08)
Annual Financial Statements for the year ended June 30, 2013

Statement of Financial Position as at June 30, 2013

Figures in Rand	Note(s)	2013	2012
Assets			
Current Assets			
Receivables from exchange transactions	6	26,725	27,321
Receivables from non-exchange transactions	7	598,974	227,275
Other receivable from exchange transactions	8	98,564	19,198
Cash and cash equivalents	9	26,888,711	18,503,054
		27,612,974	**18,776,848**
Non-Current Assets			
Investment property	3	13,200,000	15,870,837
Property, plant and equipment	4	211,556	132,156
Intangible assets	5	70,756	-
		13,482,312	**16,002,993**
Total Assets		**41,095,286**	**34,779,841**
Liabilities			
Current Liabilities			
Interest-bearing liabilities	10	315,398	315,398
Provisions	11	681,511	127,347
Operating lease liability	12	41,362	29,001
Payables from exchange transactions	13	931,081	1,474,883
VAT payable	14	5,606	4,305
		1,974,958	**1,950,934**
Non-Current Liabilities			
Interest-bearing liabilities	10	2,803,913	3,119,296
Total Liabilities		**4,778,871**	**5,070,230**
Accumulated Surplus		**36,316,415**	**29,709,611**

Housing Company Tshwane NPC

(Registration number 2001/029821/08)
Annual Financial Statements for the year ended June 30, 2013

Statement of Financial Performance

Figures in Rand	Note(s)	2013	2012
Revenue from exchange transactions	16	2,650,731	2,502,796
Cost of sales	17	(1,056,573)	(229,130)
Gross surplus		**1,594,158**	**2,273,666**
Revenue from non-exchange transactions	18	14,098,974	13,727,275
Other revenue		106,179	70,082
Operating expenses		(6,064,762)	(5,683,265)
Operating surplus	19	**9,734,549**	**10,387,758**
Investment revenue	21	6,725	445
Fair value adjustments	22	(2,670,837)	-
Finance costs	23	(463,633)	(506,055)
Surplus for the year		**6,606,804**	**9,882,148**
		6,606,804	9,882,148

Housing Company Tshwane NPC

(Registration number 2001/029821/08)
Annual Financial Statements for the year ended June 30, 2013

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at July 01, 2011	**19,827,463**	**19,827,463**
Changes in net assets		
Surplus for the year	9,882,148	9,882,148
Total changes	9,882,148	9,882,148
Balance at July 01, 2012	**29,709,611**	**29,709,611**
Changes in net assets		
Surplus for the year	6,606,804	6,606,804
Total changes	6,606,804	6,606,804
Balance at June 30, 2013	**36,316,415**	**36,316,415**

Housing Company Tshwane NPC

(Registration number 2001/029821/08)
Annual Financial Statements for the year ended June 30, 2013

Cash Flow Statement

Figures in Rand	Note(s)	2013	2012
Cash flows from operating activities			
Receipts			
Cash receipts from customers		2,678,140	2,509,528
Grants		13,727,275	13,500,000
		16,405,415	16,009,528
Payments			
Cash paid to suppliers and employees		(7,076,103)	(5,922,783)
Cash generated from operations	25	**9,329,312**	**10,086,745**
Interest Income		6,725	445
Finance costs		(463,633)	(506,055)
Net cash flow from operating activities		8,872,404	9,581,135
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(98,684)	(60,248)
Purchase of investment property	3	-	(79,823)
Purchase of other intangible assets	5	(72,681)	-
Net cash flows from investing activities		**(171,365)**	**(140,071)**
Cash flows from financing activities			
Repayment of interest bearing liability		(315,382)	(315,399)
Repayment of interest free liability		-	(293,000)
Net cash flows from financing activities		**(315,382)**	**(608,399)**
Net increase/(decrease) in cash and cash equivalents		**8,385,657**	**8,832,665**
Cash and cash equivalents at the beginning of the year		18,503,054	9,670,389
Cash and cash equivalents at the end of the year	9	**26,888,711**	**18,503,054**

Housing Company Tshwane NPC

(Registration number 2001/029821/08)
Annual Financial Statements for the year ended June 30, 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental of facilities and equipment	2,756,480	8,315	**2,764,795**	2,639,931	**(124,864)**	
Other revenue	56,016	24,592	**80,608**	116,979	**36,371**	
Interest received - investment	1,774	3,922	**5,696**	6,725	**1,029**	
Total revenue from exchange transactions	**2,814,270**	**36,829**	**2,851,099**	**2,763,635**	**(87,464)**	
Revenue from non-exchange transactions						
Transfer revenue						
Grant from the City of Tshwane	13,500,000	873,300	**14,373,300**	14,098,974	**(274,326)**	
Total revenue	**16,314,270**	**910,129**	**17,224,399**	**16,862,609**	**(361,790)**	
Expenditure						
Employee costs & Directors	(5,267,025)	468,838	**(4,798,187)**	(4,098,771)	**(699,416)**	
Depreciation and amortisation	(184,507)	(15,147)	**(199,654)**	(12,106)	**(187,548)**	
Finance costs	(461,078)	(3,291)	**(464,369)**	(463,633)	**(736)**	
General Expenses	(10,401,660)	(1,360,529)	**(11,762,189)**	(3,010,458)	**(8,751,731)**	35
Total expenditure	**(16,314,270)**	**(910,129)**	**(17,224,399)**	**(7,584,968)**	**(9,639,431)**	
Operating surplus	-	-	-	**9,277,641**	**9,277,641**	
Fair value adjustments	-	-	-	(2,670,837)	**(2,670,837)**	
Surplus before taxation	-	-	-	**6,606,804**	**6,606,804**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	**6,606,804**	**6,606,804**	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Reconcilation						
Basis difference						
Under budget on rental of facilities and equipment				(124,864)		
Over budget on other income				36,371		
Under budget on grant				(274,326)		
Over budget on Interest income				1,029		
Under budget on employee costs and directors				699,416		
Under budget on depreciation and amortisation				187,548		
Over budget on Finance costs				736		
Under budget on other expenses				8,751,731		
Over budget on fair value adjustment				(2,670,837)		
Actual Amount in the Statement of Financial Performance				**6,606,804**		

Housing Company Tshwane NPC

(Registration number 2001/029821/08)
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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	125,233	(60,435)	64,798	26,725	(38,073)	
Receivables from non-exchange transactions	-	-	-	598,974	598,974	
Other receivable from exchange transaction	-	-	-	98,564	98,564	
Cash and cash equivalents	9,673,389	11,160,653	20,834,042	26,888,711	6,054,669	
	9,798,622	**11,100,218**	**20,898,840**	**27,612,974**	**6,714,134**	
Non-Current Assets						
Investment property	21,342,710	(5,154,456)	16,188,254	13,200,000	(2,988,254)	
Property, plant and equipment	1,127,604	591,081	1,718,685	211,556	(1,507,129)	
Intangible assets	-	-	-	70,756	70,756	
	22,470,314	**(4,563,375)**	**17,906,939**	**13,482,312**	**(4,424,627)**	
Total Assets	**32,268,936**	**6,536,843**	**38,805,779**	**41,095,286**	**2,289,507**	
Liabilities						
Current Liabilities						
Interest-bearing liabilities	-	315,398	315,398	315,398	-	
Provisions	-	-	-	681,511	681,511	
Operating lease liability	41,362	-	41,362	41,362	-	
Payables from exchange transactions	1,347,536	(222,937)	1,124,599	931,081	(193,518)	
VAT payable	-	-	-	5,606	5,606	
Bank overdraft	9,670,389	(9,670,389)	-	-	-	
	11,059,287	**(9,577,928)**	**1,481,359**	**1,974,958**	**493,599**	
Non-Current Liabilities						
Interest-bearing liabilities	3,189,089	(318,357)	2,870,732	2,803,913	(66,819)	
Total Liabilities	**14,248,376**	**(9,896,285)**	**4,352,091**	**4,778,871**	**426,780**	
Accumulated Surplus	**18,020,560**	**16,433,128**	**34,453,688**	**36,316,415**	**1,862,727**	
Accumulated Surplus						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	18,020,560	16,433,128	34,453,688	36,316,415	1,862,727	

Housing Company Tshwane NPC
(Registration number 2001/029821/08)
Annual Financial Statements for the year ended June 30, 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Customers	2,744,472	(256,156)	**2,488,316**	2,678,140	**189,824**	
Grants	13,568,024	15,175,373	**28,743,397**	13,727,275	**(15,016,122)**	35
Interest income	1,774	3,922	**5,696**	6,725	**1,029**	
	16,314,270	**14,923,139**	**31,237,409**	**16,412,140**	**(14,825,269)**	
Payments						
Employee costs	(5,267,025)	468,838	**(4,798,187)**	(4,098,771)	**699,416**	
Suppliers	(7,419,545)	1,031,041	**(6,388,504)**	(2,977,332)	**3,411,172**	
Finance costs	(461,079)	(3,290)	**(464,369)**	(463,633)	**736**	
	(13,147,649)	**1,496,589**	**(11,651,060)**	**(7,539,736)**	**4,111,324**	
Net cash flows from operating activities	**3,166,621**	**16,419,728**	**19,586,349**	**8,872,404**	**(10,713,945)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	-	(1,595,765)	**(1,595,765)**	(171,365)	**1,424,400**	
Purchase of investment property	(6,007,079)	6,007,079	**-**	-	**-**	
Net cash flows from investing activities	**(6,007,079)**	**4,411,314**	**(1,595,765)**	**(171,365)**	**1,424,400**	
Cash flows from financing activities						
Finance costs	(315,398)	-	**(315,398)**	(315,382)	**16**	
Net cash flows from financing activities	**(315,398)**	**-**	**(315,398)**	**(315,382)**	**16**	
Net increase/(decrease) in cash and cash equivalents	(3,155,856)	20,831,042	**17,675,186**	8,385,657	**(9,289,529)**	
Cash and cash equivalents at the beginning of the year	3,158,856	-	**3,158,856**	18,503,054	**15,344,198**	
Cash and cash equivalents at the end of the year	**3,000**	**20,831,042**	**20,834,042**	**26,888,711**	**6,054,669**	
Reconcilation						

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Investment property

In the application of the accounting policies, which are described in note 1.2, managment is required to make estimates and assumptions about the fair value of investment properties that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. The fair values of investment properties are determined after taking into account prevailing market rentals and occupation levels. An appropriate capitalization rate is used that reflects the risk associated with the particular building. Actual results may differ from these estimates.

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Use of estimates

The preparation of the financial statements in conforming to South African Standards of GRAP requires the use of certian critical accounting estimates. It also requires managment to exercise its judgement in the process of applying the entity's accounting policies.The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevent sections of the annual financial statements. Although these estimates are based on management best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs i.e professional fees for legal services and property transfer taxes are included in the initial measurement, provided these costs are directly attributed to the acquisition of the property.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Major improvements that are more than R50,000.00 made to existing investment property (in the form of increased services or benefits flowing from the use of such asset or material extention of the useful life of fixed asset) shall be capitalized. The improvement will be associated with the investment property either by number association or description or both. The cost of such improvements will not, however, be added to the existing asset cost but will be capitalized separately.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises. The service of qualified, independent valuer is utilised to determine the value of the investment property on an annual basis.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

1.3 Property, plant and equipment (continued)

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The residual value, the useful life and depreciation method of each asset is reviewed at the end of each reporting date. If the expectation differ from the previous estimate, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in surplus of defict.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or services potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the surplus or deficit when the item is derecognised. The gain or loss arising from the derecognistion of an item of property, plant and equipment is determined as the difference between the net diposal proceeds, if any, and the carrying amount of the item.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fixtures	10 years
Office equipment	10 years
IT equipment	10 years
Other fixed assets	10 years

1.4 Intangible assets

An asset is identified as an intangible asset when it:
- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Computer software is licensed to the computer on which it is installated and cannot be resold. Therefore, it is deemed that computer software has no residual value. Yearly maintenance and update fees are payable for software used. These fees are accounted for as expenses as and when it becomes payable. In light of the annual fees payable, initial software costs are amortised on a straight line basis over 3 years.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Accounting Policies

1.4 Intangible assets (continued)

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Computer software is capitalised to computer equipment where it forms an intergral part of the equipment.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

1.5 Taxation

The entity is exempted from tax in terms of section 10(1)a of the Income tax Act.

1.6 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:
- cash;
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

Accounting Policies

1.6 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash	Financial asset measured at amortised cost
Trade receivables	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade payables	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length trasactions.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.

All financial assets measured at amortised costs are subject to an impairment review.

Gains and losses

For financial assets and financial liabilities measured at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Accounting Policies

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.This liability is not discounted.

1.8 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made and for senior managment the bonus is approved by the board. A present obligation exists when the entity has no realistic alternative but to make the payments.

1.9 Provisions and contingencies

Provisions are recognised when:
- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Accounting Policies

1.9 Provisions and contingencies (continued)

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

1.10 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipal entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

1.11 Revenue from non-exchange transactions

A revenue from non-exchange transaction is when the entity receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange. Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Accounting Policies

1.11 Revenue from non-exchange transactions (continued)

Restrictions on transferred assets are stipulations that specify the purpose for which the transfered assets may be used but do not specify future economic benefits or service potential is required to be returned to the transferer if not deployed as specified.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue since the grant do not have conditions attached but have stipulations.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition.

Transfers

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

1.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Accounting Policies

1.13 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.14 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -
(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Accounting Policies

1.16 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.17 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 7/1/2012 to 6/30/2013.

The annual financial statements and the budget are not prepared on a comparable basis, a separate statement is prepared called the "Statement of Comparison of Budget and Actual Amounts". The Statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:
are prepared using the same basis of accounting i.e. either cash or accrual;
include the same activities and entities;
use the same classification system; and
are prepared for the same period.

1.18 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104: Financial Instruments	April 01, 2012	Not material
• GRAP 24: Presentation of Budget Information in the Financial Statements	April 01, 2012	Not material
• GRAP 23: Revenue from Non-Exchange Transactions	April 01, 2012	Not material

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after July 01, 2013 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	April 01, 2013	Not relevant to HCT
• GRAP 25: Employee benefits	April 01, 2013	Not material
• GRAP 105: Transfers of functions between entities under common control	April 01, 2014	Not relevant to HCT
• GRAP 106: Transfers of functions between entities not under common control	April 01, 2014	Not relevant to HCT
• GRAP 107: Mergers	April 01, 2014	Not relevant to HCT
• GRAP 20: Related parties	April 01, 2013	Not material
• IGRAP 11: Consolidation – Special purpose entities	April 01, 2014	Not relevant to HCT
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	April 01, 2014	Not relevant to HCT
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	April 01, 2014	Not relevant to HCT
• GRAP 7 (as revised 2010): Investments in Associates	April 01, 2014	Not relevant to HCT
• GRAP 8 (as revised 2010): Interests in Joint Ventures	April 01, 2014	Not relevant to HCT
• GRAP 1 (as revised 2012): Presentation of Financial Statements	April 01, 2013	Not material
• GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	April 01, 2013	Not material
• GRAP 7 (as revised 2012): Investments in Associates	April 01, 2013	Not relevant to HCT
• GRAP 9 (as revised 2012): Revenue from Exchange Transactions	April 01, 2013	Not material
• GRAP 12 (as revised 2012): Inventories	April 01, 2013	Not relevant to HCT
• GRAP 13 (as revised 2012): Leases	April 01, 2013	Not material
• GRAP 16 (as revised 2012): Investment Property	April 01, 2013	Not material
• GRAP 17 (as revised 2012): Property, Plant and Equipment	April 01, 2013	Not material
• GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)	April 01, 2013	Not relevant to HCT
• GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)	April 01, 2013	Not material
• IGRAP16: Intangible assets website costs	April 01, 2013	Not relevant to HCT
• IGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue	April 01, 2013	Not material
• GRAP 21: Impairment of non-cash generationg assets	April 01, 2012	Not relevant to HCT

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3. Investment property

	2013			2012		
	Cost / Valuation	Fair value adjustments	Carrying value	Cost / Valuation	Fair value adjustments	Carrying value
Investment property	13,200,000	-	13,200,000	15,870,837	-	15,870,837

Reconciliation of investment property - 2013

	Opening balance	Fair value adjustments	Total
Investment property	15,870,837	(2,670,837)	13,200,000

Reconciliation of investment property - 2012

	Opening balance	Additions	Total
Investment property	15,791,014	79,823	15,870,837

Investment property consists of Eloff Building, being the remaining extent of Erf 2599 and is situated at the corner of Nana Sita and Paul kruger Street, within the Pretoria Central Business District. It has 91 residential and 4 commercial units for rental purposes. The property was transferred to the company (HCT) by the City of Tshwane at no cost in 2001. The initial recognition amount comprised, inter alia, of the capitalised grant to the value of the building transferred and the cost of refurbishing the former office block to residential units to meet social housing targets and earn rental income. There was also a loan raised from NHFC to refurbish the investment property.

The fair value of the investment property has been determined by the management, having regard, inter alia, to the proposed valuation by independent sworn appraiser taking into account income generated from rentals, occupation levels and capitalisation rates. The valuer holds a recognised professional qualification and has recent experience in the category of the investment propery being valued. The capitalisation rate applied to the property is 12% and the movement is reflected as a fair value adjustment in the Statement of Financial Performance as per note 22.The investment property is valued on an annual basis.

The investment property serves as security over the loan granted to the company as per note 10.

4. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	322,240	(211,111)	111,129	232,321	(187,830)	44,491
Office equipment	44,411	(28,464)	15,947	44,411	(37,381)	7,030
IT equipment	103,573	(31,214)	72,359	94,808	(39,060)	55,748
Other property, plant and equipment	19,320	(7,199)	12,121	38,252	(13,365)	24,887
Total	**489,544**	**(277,988)**	**211,556**	**409,792**	**(277,636)**	**132,156**

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Gain on review of usefull life	Depreciation	Total
Furniture and fixtures	44,491	89,919	-	-	(23,281)	111,129
Office equipment	7,030	-	-	13,358	(4,441)	15,947
IT equipment	55,748	8,765	-	17,937	(10,091)	72,359
Other property, plant and equipment	24,887	-	(9,102)	-	(3,664)	12,121
	132,156	**98,684**	**(9,102)**	**31,295**	**(41,477)**	**211,556**

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	92,928	-	(48,437)	44,491
Office equipment	16,059	-	(9,029)	7,030
IT equipment	15,208	57,796	(17,256)	55,748
Other property, plant and equipment	26,431	2,452	(3,996)	24,887
	150,626	**60,248**	**(78,718)**	**132,156**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

5. Intangible assets

	2013			2012		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software	72,681	(1,925)	70,756	-	-	-

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Computer software, other	-	72,681	(1,925)	70,756

6. Receivables from exchange transactions

	2013	2012
Trade debtors	33,945	52,764
Allowance for impairment	(7,220)	(25,443)
	26,725	**27,321**

Credit Risk Management of Trade and other receivables

Trade receivables comprise tenants who rent the flats. Management evaluates credit risk of tenant on an ongoing basis. Credit risk of tenants is conducted using the system called Tenant Profile Network (TPN) taking into account their financial position, credit profile and other factors. Tenants should pay rental in advance and if the payment is not received by the 7th of each month then 2% interest rate is charged on outstanding balances.

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6. Receivables from exchange transactions (continued)

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates: The entity has grouped individual debtors/tenants into three groups(high ,medium and low credit ratings) based on the payment history.

Trade receivables

Counterparties without external credit rating		
Group 1 - high credit rating	4,632	3,290
Group 2 - medium credit rating	6,133	10,474
Group 3 - low credit rating	31,336	65,739
	42,101	**79,503**

Group 1 – existing customers who always pay within 30 days from invoice date.

Group 2 – existing customers who always pay within 30 - 45 days from invoice date.

Group 3 – existing customer and those that have been evicted from Eloff building. Customers who typically fail to pay on-a-month to month basis with little probability of recovery of any of the outstanding amounts. History has shown that these group of customers always fall within +_ 150 days.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 30 days past due are not considered to be impaired. At June 30, 2013, R 10,765 (2012: R 39,000) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

30 days past due	10,765	39,000

Trade and other receivables impaired

As of 30 June 2013, trade and other receivables of R7,220 (2012: R25 443) were impaired and provided for.

The creation and release of allowances for impaired receivables have been included in operating expenses in surplus or deficit . Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The company had charged 2% interest on the amount that was impaired in the previous financial year and as a result had to writte off more than what was provided for incluive of interest. The interest portion was taken to impairments.

Over 120 - 150 days	24,116	52,182

Reconciliation of allowance for impairment of trade and other receivables

Opening balance	(25,443)	(47,801)
Amounts recovered	5,971	21,062
Inrease/decrease in allowance recognised in surplus or deficit	(7,220)	(25,443)
Amounts written off	19,472	26,739
	(7,220)	**(25,443)**

7. Receivables from non-exchange transactions

Grant from the City of Tshwane	598,974	227,275

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8. Other receivable from exchange transaction

Prepayments	54,309	-
Deposits	44,255	19,198
	98,564	**19,198**

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	333	659
Bank balances	26,888,378	18,502,395
	26,888,711	**18,503,054**

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2013	June 30, 2012	June 30, 2011
9 110 408 829 - Eloff deposit	534,490	517,671	409,444	534,490	517,671	409,444
4 065 722 829 - Eloff cheque	5,914,551	3,208,599	672,493	5,914,551	3,208,599	672,493
4 057 481 879 - Cheque	20,439,337	14,776,125	5,060,941	20,439,336	14,776,125	5,060,941
Total	**26,888,378**	**18,502,395**	**6,142,878**	**26,888,377**	**18,502,395**	**6,142,878**

10. Interest- bearing liability

At amortised cost		
National Housing Finance Corporation	3,119,311	3,434,694
The loan is secured, bears interest at 14% per annum, and is repayable in 129 months with the average of monthly payments of R64 918. The loan is secured by a mortgage bond over the investment property.		
Non-current liabilities		
At amortised cost	2,803,913	3,119,296
Current liabilities		
At amortised cost	315,398	315,398

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

11. Provisions

Reconciliation of provisions - 2013

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Employee benefit cost	127,347	681,511	(16,803)	(110,544)	681,511

Reconciliation of provisions - 2012

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Employee benefit cost	136,935	127,347	(17,340)	(119,595)	127,347

Short - term absenses for which the employees are compensated for include only vacation leave. Sick leave was not provided for since employees forfeit it when they leave the company. Accumulating absenses are carried forward and can be used in future periods. Accumulating absenses are vesting meaning that the employee is entitled to a cash payment for all unused leave on leaving the entity. Bonus provision is also included in the note and is subject to board approval.

12. Operating Lease liability

	2013	2012
Current liability	41,362	29,001

13. Payables from exchange transactions

	2013	2012
Trade payables	144,488	612,251
Accrued expenses	11,615	90,263
Accrued expenses - SARS	88,207	75,946
Deposits received	419,279	437,488
Trade debtors with credit balances	267,492	258,935
	931,081	**1,474,883**

14. VAT payable

	2013	2012
VAT	5,606	4,305

The entity pays VAT under category B - periods of two months ending on the last day of Feb, April, June etc (even numbered months)

15. Financial instruments disclosure

Categories of financial instruments

2013

Financial assets

	At amortised cost	Total
Cash	26,888,711	26,888,711
Trade and other receivables from exchange transactions	33,945	33,945
	26,922,656	**26,922,656**

Financial liabilities

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

	At amortised cost	Total
Payables from exchange transactions	931,081	931,081

2012

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	52,764	52,764

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	1,474,883	1,474,883

Financial instruments in Statement of financial performance

2013

	At amortised cost	Total
Impairment loss	7,220	7,220

2012

	At amortised cost	Total
Impairment loss	25,443	25,443

16. Revenue from exchange transactions

Rental revenue arising from investment property		
Rental income	2,639,931	2,480,596
Lease fees	10,800	22,200
	2,650,731	**2,502,796**

17. Cost of sales

Direct operating expenses arising from investment property that generated rental revenue during the period	-	-
Rates & Taxes	140,382	116,853
Repairs & Maintenace	367,232	415,267
Security	360,835	(537,922)
Cleaning	129,836	131,885
Water & Electricity	25,298	14,540
Service Fee	32,990	88,507
	1,056,573	**229,130**

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18. Grant

Unconditional grant with stipulations

Unconditional grants received from the City of Tshwane	14,098,974	13,727,275

In terms of the Service Delivery Agreement (SDA) signed in April 2010 between Housing Company Tshwane(HCT) and the City of Tshwane, HCT had to ensure that the follwing projects were implemented :

Projects	Baseline	July 2010/2011	July 2011/2012	July 2012/2013	July 2013/2014	July 2014/2015
Eloff	95	-	-	-	-	-
Riverside heights	-	184	-	-	-	-
Blesbok	-	70	-	-	-	-
Bosbok	-	84	-	-	-	-
Ou Stalshoogte	-	114	-	-	-	-
Nuwe Stalshoogte	-	106	-	-	-	-
Mamelodi rental houses	-	13	-	-	-	-
Kruger Park	317	-	-	-	-	-
Schubart Park	813	-	-	-	-	-
Townlands	-	-	-	750	-	-
Timberlands	-	-	-	-	328	-
Kruger Park II	-	-	-	-	200	400
Nelmapius development	-	-	-	-	-	3,319
Subtotal	1,225	571	-	750	528	3,719
	1,225	**571**	**-**	**750**	**528**	**3,719**

The SDA also outlined the City of Tshwane's responsibility as follows:

*to make land available or buildings in the form of written Land Availability Agreement to HCT when it is ready to implement the projects listed above.

*to provide financial assistance in terms of the approved budget or availability of funds to assist HCT to perform its obligations.

*transfer all the rental housing stock in its jurisdiction falling within the mandate of COT to HCT subject to the signing of Transfer Agsreement.

The SDA did not have conditions stating that if the money is not utilised it must be returned to the City of Tshwane. As a result the grant can be classified as unconditional as it has only stipulations but not conditions.

The City of Tshwane transferred R13,727,275 to Housing Company Tshwane in January 2013 but the company did not use the grant in the current year as it had the money rolled over from the previous financial year.

The main reason why Housing Company Tshwane did not utilise the grant is due to the non transfer (by the City of Tshwane) of additional rental housing stock as per the applicable SD,

19. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Operating lease charges		
Premises		
• **Contractual amounts**	414,648	345,471
Equipment		
• **Contractual amounts**	50,564	39,572
	465,212	**385,043**

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19. Operating surplus (continued)

Gain on review of useful life	(31,295)	-
Depreciation on property, plant and equipment	12,106	78,718
Employee costs	4,098,771	3,246,257
Penalties and interest	12,282	7,963
Audit fees	587,917	582,007
Loss on property, plant and equipment	9,102	-
	4,688,883	**3,914,945**

20. Employee related costs

Basic	3,494,237	3,198,794
Bonus	507,034	-
UIF - company contribution	14,534	13,073
SDL - company contribution	35,837	43,978
Leave pay provision	47,129	(9,588)
	4,098,771	**3,246,257**

21. Investment revenue

Interest revenue		
Bank	6,725	445

22. Fair value adjustments

Investment property (Fair value model)	(2,670,837)	-

23. Finance costs

Non-current borrowings	463,633	506,055

24. Taxation

No provision for taxation has been made as the entity is exempt under Section 30 of the Income Tax Act.

25. Cash generated from operations

Surplus	6,606,804	9,882,148
Adjustments for:		
Depreciation and amortisation	12,106	78,718
Loss on disposal of assets	9,102	-
Fair value adjustments	2,670,837	-
Interest income	(6,725)	(445)
Finance costs	463,633	506,055
Movements in operating lease assets and accruals	12,361	19,198
Changes in working capital:		
Receivables from exchange transactions	(450,469)	(220,543)
Payables from exchange transactions	11,663	(178,386)
	9,329,312	**10,086,745**

Figures in Rand	2013	2012

26. Commitments

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	414,648	406,417
- in second to fifth year inclusive	103,662	558,360
	518,310	**964,777**

Operating lease payments represent rentals payable by the entity for its head office. The first lease was negotiated for a term of 3 years commencing from 1 October 2011 to 30 September 2014, with an annual escalation of 10%. The second lease was negotiated for the period commencing 1 March 2012 to September 2014, with an escalation of 10%. The lease has no binding renewal terms. Housing Company Tshwane does not have the option to purchase the building. No contingent rent is payable. The lease payments for the financial year under audit amounts to R345,471.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	50,564	49,265
- in second to fifth year inclusive	12,641	68,055
	63,205	**117,320**

Operating lease payments represent rentals payable by the entity for its copier machine. This lease was negotiated for a term of 3 years commencing from 01 October 2011 to 30 September 2014 and at the end of lease the machine reverts back to the owner Konica (Brunson Finance). The lease has an escalation clause of 10% per annum. The lease payments for the financial year under audit amounts to R39 572. No contingent rent is payable.

Non cancellable contract - security services

Payable within one year	188,807	360,450
Payable within two to five years	-	188,807
	188,807	**549,257**

The entity entered into a 2 year contract with Advanced Guarding Solutions Africa CC to provide security services at Eloff building.

27. Contingencies

The claimant (Dolo building contractors) entered into an agreement with the City properties as a managing agent for the City of Tshwane in terms of which the claimant would provide maintenance and repair services at Schubart and Kruger Park complexes. Housing Company Tshwane took over the duties of City Properties and suspended the agreement on the 1 December 2006. The claimant is suing Housing Company Tshwane for R86,613 for suspending the agreement.

The claimant (Savika armed Response (Pty) Ltd) entered into an agreement with the City properties as a managing agent for the City of Tshwane in terms of which the claimant would provide guarding /security services at Schubart and Kruger Park complexes. Housing Company Tshwane took over the duties of City Properties and terminated the agreement with effect from 31 January 2008. The claimant is suing Housing Company Tshwane R1,069,166 for non payment of invoices relating to 2006 after their service has been terminated. It should be noted that at no stage did SAVIKA raise the alleged non-payment matter prior to their services were terminated on 31 January 2008. No contract existed between SAVIKA and Housing Company Tshwane at the time SAVIKA alleges to have rendered guarding service to HCT. SAVIKA is not sure about what the alleged amount is owed, various amounts have been bandied about by SAVIKA.

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

28. Related parties

Relationships

City of Tshwane	Parent Municipality

Related party balances

Amounts included in Trade receivable/Trade payables regarding related parties	2013	2012
Rental received on behalf of City of Tshwane	(185,641)	(182,588)
Amount owed by the City of Tshwane	598,974	227,275
	413,333	**44,687**

Related party transactions with parent municipality

	2013	2012
Grant received	14,098,974	13,727,275
Telephone expenses	29,431	7,085
Rates and Taxes	(140,382)	(117,594)
Water and electricity	(18,850)	(14,540)
Interest paid to City of Tshwane	-	(114)
	13,969,173	**13,602,112**

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

29. Directors' remuneration

Executive and Management

2013

	Salaries	Leave provision	Bonus Provision	Total
Chief Executive Officer	1,615,619	43,797	345,598	2,005,014
Finance Manager	596,953	13,940	127,600	738,493
	2,212,572	**57,737**	**473,198**	**2,743,507**

2012

	Salaries	Leave Provision	Total
Chief Executive Officer	1,467,196	(768)	1,466,428
Finance Manager	554,874	(122)	554,752
	2,022,070	**(890)**	**2,021,180**

Non-executive

2013

	Directors' fees	Total
AJ Singh	101,324	101,324
D Masilela	107,227	107,227
ME Mphahlele	107,343	107,343
MN Lehlokoa	125,117	125,117
SS Kholong	53,781	53,781
T Phetla	95,153	95,153
TJ Mokgoro	71,647	71,647
W Rowland	101,324	101,324
	762,916	**762,916**

2012

	Directors' fees	Total
AJ Singh	11,688	11,688
D Masilela	118,723	118,723
ME Mphahlele	11,688	11,688
MN Lehlokoa	11,688	11,688
SS Kholong	11,688	11,688
TJ Mokgoro	5,844	5,844
W Rowland	11,688	11,688
R Mkhwanazi	136,833	136,833
DM Gcabo	35,765	35,765
PN Makgathe	17,883	17,883
LM Madikizela	53,648	53,648
MG Manthati-Setati	5,960	5,960
	433,096	**433,096**

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

30. Change in estimate

Property, plant and equipment

The useful life of certain plant was estimated in 2011 to be 5 years. In the current period management have revised their estimate to 10 years. The effect of this revision has decreased the depreciation charges for the current and future periods by R31,395.

31. Prior period restatement

During the 2013, the entity discovered that Service fee to the value of R30,981 was allocated to operating expenses intead of Cost of Sale. The R30,981 has been reclassified to Cost of Sale.

The entity had previous added together interest on overdue accounts, fines and penalties and finance cost. The fines and penalties to the value of R7,963 has been reclassified to operating expense instead of Finance cost.

The effects of the reclassification are as follows:

In 2012, the entity reported :

Revenue from exchange transaction	2,502,796
Cost of Sale	(198,149)
Gross surplus	**2,304,647**
Revenue from non exchange transaction	13,727,275
Other revenue	70,082
Operating expenses	(5,706,283)
Operating Surplus	**10,395,721**
Investment revenue	445
Finance costs	(514,018)
Surplus for the year	**9,882,148**

Housing Company Tshwane NPC
(Registration number 2001/029821/08)
Annual Financial Statements for the year ended June 30, 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

31. Prior period restatement (continued)

Statement of Financial Performance

	2013	2012 Restated
Revenue from exchange transaction	2,650,731	2,502,796
Cost of Sale	(1,056,573)	(229,130)
Gross surplus	**1,594,158**	**2,273,666**
Revenue from non exchange transaction	14,098,974	13,727,275
Other revenue	106,179	70,082
Operating expenses	(6,064,762)	(5,683,265)
Operating surplus	**9,734,549**	**10,387,758**
Investment revenue	6,725	445
Fair value adjustment	(2,670,837)	-
Finance costs	(463,633)	(506,055)
Surplus for the year	**6,606,804**	**9,882,148**

In 2012, the entity reported:

Cash flow from operating activities

Receipts	
Cash receipts from customers	2,509,528
Grant	13,500,000
	16,009,528
Payments	
Cash paid to suppliers and employees	(5,914,820)
Cash generated from operations	10,094,708
Interest Income	445
Finance costs	(514,018)
Net cash flow from operating activities	9,581,135
Cash flow from investing activities	
Purchase of property, plant and equipment	(60,248)
Purchase of Investing activities	(79,823)
Net cash flow from investing activities	**(140,071)**
Cash flow from financing activities	
Repayment of interest bearing liability	(315,399)
Repayment of interest free liability	(293,000)
Net cash flow from financing activities	**(608,399)**
Net Increase/decrease in cash and cash equivalents	**8,832,665**
Cash and cash equivalents at the breginning of the year	9,670,389
Cash and cash equivalents at the end of the year	18,503,054

Housing Company Tshwane NPC
(Registration number 2001/029821/08)
Annual Financial Statements for the year ended June 30, 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

31. Prior period restatement (continued)

Cash flow statement

Cash flow from operating activities

		Restated
Receipts		
Cash receipts from customers	2,678,140	2,509,528
Grant	13,727,275	13,500,000
	16,405,415	**16,009,528**
Payments		
Cash paid to suppliers and employees	(7,076,103)	(5,922,783)
Cash flow from operating activities	**9,329,312**	**10,086,745**
Interest income	6,725	445
Finance Costs	(463,633)	(506,055)
Net cash flow from operating activities	**8,872,404**	**9,581,135**
Cash flow from investing activies		
Purchase of property, plant and equipment	(98,684)	(60,248)
Purchase of investment property	-	(79,823)
Purchase of other intangible assets	(72,681)	-
Net cash flow from investing actitivies	**(171,365)**	**(140,071)**
Cash flow from financing activities		
Repayment of interest bearing liability	(315,382)	(315,399)
Repayment of interest free liability	-	(293,000)
Net cash flow from financing activities	**(315,382)**	**(608,399)**
Net increase/decrease in cash and cash equivalents	**8,385,657**	**8,832,665**
Cash and cash equivalents at the beginning of the year	18,503,054	9,670,389
Cash and cash equivalents at the end of the year	**26,888,711**	**18,503,054**

32. Risk management

Capital risk management

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going-concern in order to provide benefits for the other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the entity consists of loans and reserves as disclosed in the Statement of Financial Position.

Non-current liabilities - NHFC	3,119,311	3,434,694

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

32. Risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash at all times.The liquidity risk has been managed by developing a pipeline of new projects and securing the present municipality commitment to capitalise the entity for 3 financial years, subject to the implementation of the new entity business plan.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Credit risk

Credit quality of trade and other receivables

Credit risk consists mainly of cash deposits, cash equivalents and trade receivables.

Trade receivables comprise tenants who rent the flats from Housing Company Tshwane. Management evaluated credit risk relating to tenants on an ongoing basis. Credit risk of tenants is conducted using the system called Tenant Profile Network(TPN) taking into account their financial positions, credit profiles and other factors. Tenants should pay rental in advance and if the payment is not received by the 7th of each month then 2% interest rate is charged on outstanding amount.

The entity has considered the impact of changes in the credit risk by evaluating their assets and liablities.

Market risk

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

The entity's interest rate risk arises from long-term borrowing from NHFC. As at 30 June 2013, Housing Company Tshwane had an interest borrowings of R3,119,296 (2012: 3,434,695) at a fixed interest rate of 14%.The loan expires on the 30 November 2023. Interest rate trends are constantly monitored and appropriate steps taken to ensure that exposure to the effects of changes in the level of interest is limited. The policy is to minimise interest rate cash flows risk exposure on long-term financing. The table below illustrate the sensitivity of profit before tax to changes in the interest rate.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
NHFC loan	14.00 %	416,551	372,396	328,240	284,084	777,329
NHFC loan	14.50 %	431,428	385,695	339,963	294,230	805,091
NHFC loan	15.00 %	446,305	398,995	351,685	304,376	832,853
NHFC loan	16.00 %	476,059	425,595	375,131	324,667	888,377

Price risk

The entity manages price risk with regard to rentals by increasing rental amounts of flats only once approved by the board of directors over the years. The rental amounts charged by Housing Company Tshwane has become expensive/too high over the last few years (2009/2011) as compared to rentals charged by other social institutions. The HCT board agreed in 2011 to fix the rent for 24 months in order to bring the rent level to acceptable levels. The next rent increase will only be in January 2014. Other price risk factors from our suppliers and contractors are largely independent of Housing Company Tshwane, but budget allowances are made annually by Housing Company Tshwane.

33. Fruitless and wasteful expenditure

	2013	2012
Interest and penalties	13,183	7,963

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

33. Fruitless and wasteful expenditure (continued)

Interest and penalties were due to late payments to SARS. The company's accounting officer has finalised investigations as to why the PAYE and VAT were paid late, and has concluded that the fruitless and wasteful expenditure was due to negligence. The full R13,183 will be recovered from responsible employees during 2013/14 as required by section 102(1)(b) of the MFMA.

34. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

In terms of section 36(1)(a) of the Supply Chain Management Regulations, the accounting officer may dispense with the official procurement processes in the following instances:

- in an emergency
- if such goods or services are produced or available from a single provider only
- for the acquisition of special work of art or historical objects where spefications are difficult to complete
- acquisition of animals for zoos and/ o nature and game reserves
- in any other exceptional case where it is impractical or impossible to follow the official procurement process.

Housing Company Tshwane deviated from official procurement processes during the financial year due to emergencies and services available from a single supplier.

- in an emergency -	264,846
- services available from a single provider only	76,448

35. Budget differences

Material differences between budget and actual amounts

The under expenditure of actual amount over the final budget of 44% (46% over approved budget) for the Housing Company Tshwane was due to the fact that the flagship Townlands project was not implemented in the current financial year. The low number of rental units under management therefore attributed to this under expenditure. There were no other material differences between the final budget and the actual amounts.

The variance on grant from cash flow statement relate to the correction of errors on cash flow projection in 2010/2011.

Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting bases differ. The annual financial statements for the municipal entity are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements are for the fiscal period from 7/1/2012 to 6/30/2013. The annual financial statements differ from the budget, which is approved on the cash basis and not on an accrual basis.

The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the annual financial statements for timing differences associated with the continuing appropriation and differences in the entity were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the Statement of comparison of budget and actual amounts.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. For details on these changes please refer to pages to in the annual report.

Housing Company Tshwane NPC

(Registration number 2001/029821/08)
Annual Financial Statements for the year ended June 30, 2013

Detailed Income statement

Figures in Rand	Note(s)	2013	2012
Revenue			
Rental Income		2,639,931	2,480,596
Lease fees		10,800	22,200
		2,650,731	**2,502,796**
Cost of sales			
Property expenses		(1,056,573)	(229,130)
Gross surplus		**1,594,158**	**2,273,666**
Other income			
Bad debts recoveries		15,967	11,671
Legal collections		2,009	4,157
Maintenance recoveries		4,399	6,750
Reciveries bank charges		25,945	27,552
Other income		19,228	12,570
Telephone income		29,431	7,085
Storeroom rental		9,200	297
Grant		14,098,974	13,727,275
Interest received	21	6,725	445
		14,211,878	**13,797,802**
Expenses (Refer to page 44)		**(6,064,762)**	**(5,683,265)**
Operating surplus	19	**9,741,274**	**10,388,203**
Finance costs	23	(463,633)	(506,055)
Fair value adjustments	22	(2,670,837)	-
		(3,134,470)	**(506,055)**
Surplus for the year		**6,606,804**	**9,882,148**

Housing Company Tshwane NPC
(Registration number 2001/029821/08)
Annual Financial Statements for the year ended June 30, 2013

Detailed Income statement

Figures in Rand	Note(s)	2013	2012
Operating expenses			
Advertising		(157,489)	(219,113)
Auditors remuneration		(587,917)	(582,007)
Bad debts		(11,864)	(4,381)
Bank charges		(37,917)	(40,519)
Computer expenses		(37,705)	(14,701)
Consulting and professional fees		(381,927)	(840,133)
Depreciation, amortisation and impairments		(12,106)	(78,718)
Employee costs		(4,098,771)	(3,246,257)
Entertainment		-	(4,184)
Loss on disposal of asets		(9,102)	-
Cleaning		(1,283)	-
Fines and penalties		(13,183)	(7,963)
Insurance		(47,234)	(56,713)
Lease rentals on operating lease		(465,212)	(385,043)
Legal expenses		(19,502)	(64,958)
Motor vehicle expenses		(420)	(2,163)
Postage		(320)	(304)
Printing and stationery		(19,985)	(54,864)
Repairs and maintenance		(6,926)	955
Security		(4,367)	-
Service fees		(535)	-
Staff welfare		(59,552)	(25,405)
Subscriptions		(11,248)	(403)
Telephone and fax		(29,570)	(8,394)
Training		(3,169)	(3,281)
Travel - local		(5,561)	(7,942)
Utilities		(41,897)	(36,774)
		(6,064,762)	**(5,683,265)**

The supplementary information presented does not form part of the annual financial statements and is unaudited

CITY OF TSHWANE

MUNICIPAL ENTITIES

SANDSPRUIT WORKS ASSOCIATION

ANNUAL REPORT

2012/13

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Sandspruit Works Association SOC Limited

(Registration number 1999/019160/08)
Trading as ODI Water Services
Annual Report for the year ended 30 June 2013

General Information

Company registration number:	1999/019160/08
Nature of business and principal activities:	Water and Sanitation Services
Chief Executive Officer (CEO):	MJ Taetsane
Chief Financial Officer (CFO):	P Avenant
Board of Directors:	Adv K-D Garlipp (Non-Executive) CV Maboka (Non-Executive) KA Eales (Non-Exectuive) LN Bokaba (Non-Executive) T Moromane (Non-Executive) MJ Taetsane (Executive Director)
Registered office:	Molefe Makinta Highway Opposite Morula Sun Next to NTI Building Mabopane 0208
Business address:	Molefe Makinta Highway Opposite Morula Sun Next to NTI Mabopane 0208
Postal address:	Private Bag X1124 Ga- Rankuwa 0221
Contact Details:	(Tel) 012-701 9700 (Fax) 012-702 7101
Controlling entity	City of Tshwane Metropolitan Municipality (CTMM)
Bankers	Standard Bank of South Africa and ABSA Bank of South Africa
Auditors	Auditor-General South Africa (AGSA)

Vision

"*To become* the *preferred water service provider* *<u>that innovatively meets the water services provision challenges</u>* *and* *<u>needs of all its customers in a financially sustainable manner."</u>*

CHAPTER ONE: INTRODUCTION AND CORPORATE PROFILE

1.1 BACKGROUND

Sandspruit Works Association currently undertakes the provision of water and sanitation services function in the northern region of the City of Tshwane Metropolitan Municipality (CTMM) and thus have the function of a Water Services Provider (WSP) in terms of the Water Services Act (Act 108 of 1997). The supply area of Sandspruit Works Association includes Ga-Rankuwa; Mabopane and Winterveldt. The principal activity of the company is to develop, prepare, install and maintain water and sanitation services and related services to these designated areas. It also fulfils the complete Operations, Financial, Marketing and Human resources and Legal functions.

Sandspruit Works Association is a Section 21 Entity, and with effect from the 1st of July 2005, it became a Business Enterprise of the City of Tshwane Metropolitan Municipality. The City of Tshwane is currently in the process to convert the company into a municipal entity of the City of Tshwane Metropolitan Municipality. Depending on how the process unfolds, the relationship between the CTMM and SWA could either be regulated through a Water Services Agreement (WSP Agreement) or a simple Service Level Agreement (SLA).

1.2 LEGISLATIVE BACKGROUND

The legislative framework within which water supply and sanitation services take place is mainly provided by the Water Services Act (Act 108 of 1997) (WSA Act).

The Water Services Act derives its mandate from Section 27 of the Bill of Rights in the Constitution. This section of the constitution provides, among other rights, that everyone has the right to have access to sufficient food and water. One of the main objectives of the Water Services Act is thus, to provide for the right of access to basic water supply and to basic sanitation.

The Water Services Act provides that every water services authority must -

- Ensure access to efficient, affordable, economical and sustainable access to water services for all consumers;
- Develop and approve bylaws;
- Prepare water services development plan;

1.3 ROLE OF THE WATER SERVICE AUTHORITY

The WSA's water provision legislatives role in the water services area is allocated to SWA. WSA's governance role provides for the following:

- Ensuring access;
- Regulating (bylaws, contract supervision);
- Planning (WSDP); and
- Funding of the operational shortfall.

1.4 ROLE OF SANDSPRUIT WORKS ASSOCIATION

The water provision function is currently undertaken by Sandspruit Works Association on behalf of CoT. The water services provision functions currently undertaken by SWA include the following:

- Daily operations;
- Maintenance;
- Customer relations;
- Health and hygiene promotion;
- Contract management;
- Financial management;
- Planning;
- Monitoring and reporting;
- Training and development of staff;
- Human resource management;
- Network system.

1.5 WATER SERVICE PROVIDER PROFILE

The areas in which SWA provides the water services functions on behalf of the CoT are outlined below:

Urban:

- Garankuwa;
- Mabopane; and
- Winterveldt

Informal Settlements:

- Kopanong / Thusanang, Winterveldt, A Informal and EW Informal;
- Units 20, 21 and 22;Ga-Tsebe

SECTION 2: CHAIRPERSONS FOREWORD

We are pleased to submit a copy of the 2012 – 2013 Annual Report of Sandspruit Works Association. It outlines the many achievements and success of SWA and identifies our priorities for the coming year. Sandspruit Works Association has repeatedly demonstrated that it will continue to deliver in full co-operation with its parent municipality in meeting the challenges that lie ahead for the city. It should in the same spirit be noted that the development experienced by Sandspruit Works Association over the years has been of low cost housing which has posed a very serious challenge in revenue collection.

Sandspruit Works Association is however committed to sound corporate citizenship and has maintained its focus on ensuring that corporate governance policies and procedures are in line with best standard practices.
The phenomenal progress made in our board meetings for the past few months in conjunction with reports submitted by Sandspruit Works Association has contributed to the excellent service. These improvements, including unqualified opinion along with the support from City of Tshwane Metropolitan Municipality's Water and Sanitation division, are testament to our commitment to deliver world-class customer services.

Significant amount of work has been done, which has become a source of commitment and enthusiasm for many and has shown compounded progression with setting basic standards, policies and strategic implementation. This should prove beneficial in creating atmosphere of assurance that Sandspruit Works Association is conscientiously addressing water problems and continue to provide effective and efficient service to community.

In conclusion I wish to take this opportunity of thanking the management and staff of Sandspruit Works Association for the commitment, passion and enthusiasm displayed during the past year. Our acknowledgement also goes to the Executive Mayor, the Mayoral Committee and senior management of the parent Municipality for their continued support and guidance in ensuring that the activities are aligned with the integrated development Plan of the City of Tshwane Metropolitan Municipality.

CHAIRPERSON
BOARD OF DIRECTORS

SECTION 3: CHIEF EXECUTIVE OFFICERS FOREWORD

Sandspruit Works Association (SWA) has already undergone a remarkable journey. It's been almost six years SWA achieving unqualified report. Given where we stand, it is important to appreciate that SWA has recorded several notable achievements since 2008. To mention a few of our attributions, the following areas were our primary focus:-

Ensure that our work has benefited a Broad base of our communities.

Over the past years, SWA has placed increasing emphasis in ensuring that the service it provides touches communities' lives in several important ways. The service was extended to indigents who were provided with 12 kl litres for free.

Defining Moment

For the year 2012/13 we selected both operation clean audit and service delivery as the focal topic of our Annual Report. I am convinced that the way we interacted on a daily basis and the way we chose to define, live and breathe our values and provide internal controls is by far the most important in our innovative strength.

For six years in running SWA has achieved an unqualified audit opinion. Our continued ambition going into 2013/14 is to be recognised as the leading service provider and help to unlock potential growth.

Overview Performance

SWA has performed well against the targets set in an Annual Performance Plan, having met or exceeded 80% of targets for the year, which resulted SWA received clean Audit opinion on Performance.

The challenge is to reduce unaccounted for water to required national standard, while we increase revenue through setting priorities based on company's operations, strategic significance and existing resources.

In concluding I wish to gratefully acknowledged the ongoing and selfless contribution of management, and support from City of Tshwane Metropolitan Municipality, guidance from the Board and of course our staff whose efforts to meet every request presented to them demonstrate their commitment and dedication to delivering excellent service.

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MATSEPELA TAETSANE
CHIEF EXECUTIVE OFFICER

CHAPTER 2: PERFORMANCE MANAGEMENT

INTRODUCTION

Sandspruit Works Association is a Non Profit Company with an Independent Board of Directors appointed by the Executive Mayor of the City of Tshwane Metropolitan Municipality. It operates as an area-based water service provider, undertaking multi-functional initiatives, involving role-players like councillors and basing its effort on a number of constructive efforts, such as provision of potable water and sanitation, Waste Treatment Plant, collection of revenue, and building relationships through social responsibility with the community and other stakeholders

The services and projects implemented by Sandspruit Works Association are therefore complementary and in line with the Business plan, Service delivery Agreement and City of Tshwane Integrated Development Plan (IDP). The key functions carried out by SWA include:

- Daily Operations
- Maintenance
- Customer Relations
- Stakeholder Management
- Health and Hygiene Promotion
- Contract Management
- Financial Management and Planning
- Monitoring and Reporting
- Training and Development of Staff
- Human Resource Management
- Network System
- Legal Services

This report highlights the annual performance of Sandspruit Works Association during the 2012/2013 financial year, taking into account;

(i) Targets set in the Business Plan 2012/2013
(ii) Predetermined Objectives
(iii) Achieving Clean Audit
(iv) Financial Performance
(v) Unaccounted for Water
(vi) Revenue Enhancement

SECTION 1: STRATEGIC OBJECTIVES AND KEY PERFORMANCE INDICATORS

STRATEGIC OBJECTIVE 1 : PROMOTE SUSTAINABLE SERVICE INFRASTRUCTURE AND HUMAN SETTLEMENT MANAGEMENT			
KEY PERFORMANCE INDICATOR	**BASELINE**	**TARGET 2013/2014**	**QUARTERLY TARGET** **JULY – SEPT 13**
Reduce Unaccounted for Water by 0.5% annually	22%	21.5%	21.5%
STRATEGIC OBJECTIVE 2 : PROMOTE SHARED ECONOMIC GROWTH AND JOB CREATION			
KEY PERFORMANCE INDICATOR	**BASELINE**	**TARGET 2013/2014**	**QUARTERLY TARGET** **JULY – SEPT 13**
100% of general workers employed for long term Operations projects must reside in Ga-Rankuwa, Mabopane or Winterveldt	100%	100%	100%
Use a minimum of number SMME contractors in SWA per annum	New Indicator	40	10
STRATEGIC OBJECTIVE 3 : ENSURE SUSTAINABLE, SAFER CITY AND INTEGRATED SOCIAL DEVELOPMENT			
KEY PERFORMANCE INDICATOR	**BASELINE**	**TARGET 2013/2014**	**QUARTERLY TARGET** **JULY – SEPT 13**
Number of indigent households receiving basic (12kl) water and sanitation services annually	New Indicator	600 households	150

STRATEGIC OBJECTIVE 4 : PROMOTE GOVERNANCE AND ACTIVE CITIZENRY			
KEY PERFORMANCE INDICATOR	**BASELINE**	**TARGET 2013/2014**	**QUARTERLY TARGET** **JULY – SEPT 13**
Financial compliance in terms of s 87(11) of the MFMA annually	100%	100%	100%
SCM compliance in terms s12 of the SCM regulations annually	100%	100%	100%
Compliance with contract management in terms of s116 of MFMA annually	100%	100%	100%
Number of ward committee meetings held annually to discuss community concerns	New Indicator	8	2

STRATEGIC OBJECTIVE 5 : IMPROVE FINANCIAL SUSTAINABILITY			
KEY PERFORMANCE INDICATOR	**BASELINE**	**TARGET 2013/2014**	**QUARTERLY TARGET** **JULY – SEPT 13**
Increase Revenue collection by 2% per annum.	66%	68%	68%

STRATEGIC OBJECTIVE 6 : CONTINUED ORGANIZATIONAL DEVELOPMENT, TRANSFORMATION AND INNOVATION			
KEY PERFORMANCE INDICATOR	**BASELINE**	**TARGET 2013/2014**	**QUARTERLY TARGET** **JULY – SEPT 13**
Number of training and leadership programmes scheduled annually in order to increase skills development of the employees	12	12	3

In addition to the above strategic objectives, Performance Management is implemented for all management levels on the organisational structure. The balanced scorecard is the tool being used for measurement. The performance indicators are linked to Sandspruit objectives and the IDP scorecard. Additional objectives are included to reinforce the culture of governance and risk management among managers.

Sandspruit started the rollout process to ensure that all employees in supervisory positions are included in the performance management strategy. Training of underperforming officials is being introduced as part of our coaching and mentorship process to improve the performance levels. Performance Management is being adopted as a positive management strategy rather than a punitive process, and in this way employees feel comfortable to be part of the process.

Sandspruit will continue to set new standards of service delivery and our customer relationship programme will serve as a pillar for our ongoing success. We remain firm in our commitment to sound stakeholder relationships and are committed to managing both short-term and long-term plans to standards that will ultimately benefit our communities. Some of the performance indicators which are not limited include the following:-

Operations:

- Reduce and Maintain Unaccounted for Water
- Completion of New Meter Installation in Zone 15
- Maintain Blue Drop Status
- Compliance with SANS 241

Marketing

- Growing of stakeholder register and leverage stakeholder.
- Improved Customer Service (Gazebo)
- Installation of a new telecommunication system
- Customer Education

Human Resources

- Introducing Interventions and Programs to assist the Organisation to develop Skills and Create awareness
- Promote Activities that support a healthy and productive Workforce
- Promote Care Wellness Programmes and Aids Awareness Campaigns

Legal

- Maintain 100% Compliance in terms of MFMA
- Increase Debt Collection and Maintain Payment Levels
- Reduce UAW - Prevention of illegal Connections/Tampering
- Effective Contract Management
- Mitigate the Risk of Third Party Claims

Revenue

- Increase Debt Collection and Maintain Payment Levels
- Reduce UAW
- Increase Commercial Payers by enforcing 100% credit Control
- Maintain and Ensure 100% Data Integrity

The areas managed by SWA's are not self-sustainable and operational costs exceed income due to the issues raised below:

The following income and expenditure patterns are common in the area of SWA

- Most pensioners only receive a social grant from government
- Unemployment is high in the area
- The household income levels reflect a relatively poor community, whereby a direct relationship exists between actual employment levels and house hold size with household income levels
- In line with communities in the area, the large proportion of income are utilised for food, followed by expenditure on items such as education, transport, housing, electricity and medical expenditure.

SECTION 2: ANNUAL PERFORMANCE REPORT

1. INTRODUCTION

Sandspruit Works Association (SWA) is a Non Profit Company with an Independent Board of Directors appointed by the Executive Mayor of the City of Tshwane. It operates as an area-based water service provider, undertaking multi-functional initiatives, involving role-players like councillors and basing its effort on a number of constructive efforts, such as provision of potable water and sanitation, Waste Treatment Plant, collection of revenue, and building relationships through social responsibility with the community and other stakeholders

The services and projects implemented by Sandspruit Works Association are therefore complementary and in line with the Business plan, Service delivery Agreement and City of Tshwane Integrated Development Plan (IDP). Sandspruit Works Association is managed by the Chief Executive Officer heading the following functional sections:

- Operations and Maintenance
- Finance
- Marketing and Communications
- Human Resource
- Legal Services
- Risk management
- Supply Chain Management

Targets are set annually and approved by the Board of Directors in the business plan.

2. ANALYSIS OF STRATEGIC OBJECTIVES

Sandspruit Works Association has seven strategic objectives which are aligned to those of City of Tshwane

2.1 STRATEGIC OBJECTIVE 1: PROVIDE BASIC SERVICES, ROADS AND INFRASTRUCTURE

This strategic objective focuses on providing basic services to areas that do not have basic services. The basic services to be provided in this objective are water and sanitation:

Water and sanitation will be provided to informal settlements through the formalization process. Older established township areas that have below basic level services

should be upgraded to at least basic levels of service

Key outputs to be delivered include:

- Water connections
- Sanitation connections
- Waste water treatment works
- Supply of water and sanitation services to informal areas

2.2 STRATEGIC OBJECTIVE 2: ECONOMIC GROWTH AND DEVELOPMENT AND JOB CREATION

The focus will be on job creation to the local communities; Economic development initiatives assist in providing support to growing home ownership, in order to grow the revenue base of Sandspruit Works Association.

2.3 STRATEGIC OBJECTIVE 3: SUSTAINABLE COMMUNITIES WITH CLEAN, HEALTHY AND SAFE ENVIRONMENTS AND INTEGRATED SOCIAL SERVICES

This objective promotes improved quality of life. The provision of social and health services is an important element in ensuring sustainable communities. It is important to put in place mechanisms to support the very poor, such as free basic services to the indigent.

2.4 STRATEGIC OBJECTIVE 4: FOSTER PARTICIPATORY DEMOCRACY AND BATHO PELE

The purpose of this objective is to promote more active participation of the communities in the affairs of local government, and to achieve good relations with stakeholders.

Customer satisfaction is crucial to Sandspruit Works Association's sustainable and viable existence and the continued practice and implementation of the Batho Pele principles will ensure the provision of as accessible and accountable service. The turnaround time to respond to customer queries must be reduced, and our responses must be accurate and meaningful. Customers must receive a quality service.

2.5 STRATEGIC OBJECTIVE 5: PROMOTE SOUND GOVERNANCE

The development of sound corporate governance will serve as an internal control system encompassing legislation, policies, procedures and people, and address the expectations of

all stakeholders by directing and controlling management activities with good systems and processes. Sandspruit Works Association must achieve and maintain a clean audit opinion, and various institutional controls must be established to ensure this happens.

2.6 STRATEGIC OBJECTIVE 6: ENSURE FINANCIAL SUSTAINABILITY

It is important for the finances of Sandspruit Works Association to be managed in a manner that increases revenues without placing increased burdens on households. Sandspruit Works Association aimed to recover its debts.

2.7 STRATEGIC OBJECTIVE 7: ORGANIZATIONAL DEVELOPMENT

The purpose of this objective is to ensure that SWA has developed human capital, which is effectively used to achieve SWA's development, service delivery and governance. Skills development is necessary to ensure that employees are able to perform against responsibilities.

Key outputs include:

- Training and leadership programmes for employees
- Bursaries
- Human resources policies and plans

3 KEY PERFORMANCE INDICATOR AS PER THE 2012/2013 BUSINESS PLAN AND REVISED KEY PERFORMANCE INDICATORS

Strategic Objective	**Key Performance Indicator**	**Baseline**	**Target**	**Revised Key Performance Indicator**
1. Provide basic services, roads and infrastructure	1.1 Reduce unaccounted for water to 22% in yr. 2012/2013, reduction of 1% per year	23%	22%	Not revised
2. Economic growth, development and job creation	2.1 In yr. 2012/2013 100% of general workers employed for Operations and maintenance projects must be local (Garankuwa, Mabopane and Winterveldt).	New KPI	100%	Not revised
3. Sustainable communities with clean, healthy and safe environments and integrated social services	3.1 Promote employee wellness programs in yr 2012/2013	3	4	Not revised
4. Foster Participatory Democracy and Batho Pele	4.1 Establish effective stakeholder forums that are focused on achieving the City's goal socio- economic goals.	8	10	Establish effective stakeholder forums that are focused on achieving the City's goal socio-economic goals in 2012/13
4. Foster Participatory Democracy and Batho Pele	4.2 Entrench a customer focused approached to citizency and businesses by maintaining standards guided by the Batho Pele Principles	4	8	Improve Customer service through staff training to maintain standards guided by the batho pele principles in 2012/13 financial year
5. Promote Sound Governance	5.1 Maintain unqualified audit report.	New KPI	100%	Maintain unqualified audit report in the

				2012/13 financial year, through following up on the 2011/12 management report
5. Promote Sound Governance	5.2 Financial Compliance in terms of the MFMA.	100%	100%	Financial compliance in terms of s87-88 of the MFMA in the 2012/13 financial year
5. Promote Sound Governance	5.3 SCM Compliance in terms of Supply Chain Management Policy	100%	100%	SCM compliance in terms of the s12 of the SCM regulations, in the 2012/13 financial year
5. Promote Sound Governance	5.4 Contract Management	100%	100%	Compliance with contract management in terms of s116 of MFMA in 2012/13 financial year
6. Ensure Financial sustainability	6.1 Increase revenue collection from 66% to 70% in yr. 2012/2013	66%	70%	Not revised
6. Ensure Financial sustainability	6.2 Ensure that all creditors are paid within 30 days in yr 2012/2013	99%	100%	Not revised
7. Organizational development	7.1 Review HR policies annually in 2012/2013	40%	100%	Review HR policies in terms of the matrix in 2012/13

4 2012/2013 ANNUAL PERFORMANCE REPORT

Strategic Objective	Key Performance Indicator	Target	Annual Performance Achieved	Target Achieved or Not Achieved
1. Provide basic services, roads and infrastructure	1.1 Reduce unaccounted for water to 22% in yr. 2012/2013, reduction of 1% per year	22%	24.67%	Not Achieved
2. Economic growth, development and job creation	2.1 In yr. 2012/2013 100% of general workers employed for Operations and maintenance projects must be local (Garankuwa, Mabopane and Winterveldt).	100%	100%	Achieved
3. Sustainable communities with clean, healthy and safe environments and integrated social services	3.1 Promote employee wellness programs in yr 2012/2013	4	4	Achieved
4. Foster Participatory Democracy and Batho Pele	4.1 Establish effective stakeholder forums that are focused on achieving the City's goal socio-economic goals in 2012/13	10	18	Achieved
4. Foster Participatory Democracy and Batho Pele	4.2 Improve Customer service through staff training to maintain standards guided by the batho pele principles in 2012/13 financial year	8	8	Achieved
5. Promote Sound Governance	5.1 Maintain unqualified audit report in the 2012/13 financial year, through	100%	100%	Achieved

	following up on the 2011/12 management report			
5. Promote Sound Governance	5.2 Financial compliance in terms of s87-88 of the MFMA in the 2012/13 financial year	100%	100%	Achieved
5. Promote Sound Governance	5.3 SCM compliance in terms of the s12 of the SCM regulations, in the 2012/13 financial year	100%	100%	Achieved
5. Promote Sound Governance	5.4 Compliance with contract management in terms of s116 of MFMA in 2012/13 financial year	100%	100%	Achieved
6. Ensure Financial sustainability	6.1 Increase revenue collection from 66% to 70% in yr. 2012/2013	70%	65.63%	Not Achieved
6. Ensure Financial sustainability	6.2 Ensure that all creditors are paid within 30 days in yr 2012/2013	100%	100%	Achieved
7. Organizational development	7.1 Review HR policies in terms of the matrix in 2012/13	100%	100%	Achieved

4.1 MEASURES TAKEN TO IMPROVE PERFORMANCE FOR TARGETS NOT ACHIEVED

4.1.1 Reduce Unaccounted for water to 22% in year 2012/13

4.1.1.1 Reasons for target not being achieved

a) *The capital projects that were taking place in our area of supply specially network and meter replacement projects.*

- Water was lost when the supply was shifted from old network to new network
- Communication breakdown on meter replacement processes between the meter project and Sandspruit Works Association (SWA) has led to delays and wrong meter data capturing and as a result lead to water loss
- Other projects other than water and sanitation such as road and storm water, Telkom and Eskom while busy with construction damages pipes, which contributed towards water losses.

b) *RDP housing development within our area of supply*

- Most of the housing projects construction took please without them applying for water connection.
- Houses are handed over to the beneficiaries without meter connections

c) *Reduction of water sales*

- Although the number of consumers has increased from 48480 to 50537, there has been a decrease on sales from 10673782 kl to 10175744 kl which represenst 5% decrease in sales. This was caused by change of meter reading service provider.

d) *Lack of meter auditing and credit control*

- Without meter auditing and credit control (restrictions and cut-offs) it's impossible to detect any illegal connection and by bypass

e) *Water supply through tankers*

- Due to lack of water supply infrastructure in some of the areas within our jurisdiction, water was been supplied through tankers from unmetered draw off points and as a results it lead to unaccounted for water

4.1.1.2 Mechanisms adopted to achieve target

The following interventions were implemented throughout the year to remedy the situation:

a) Formal communication was done with water and sanitation department through contract meetings about our concern of contractors in our area of supply who damages our pipes and promised that the situation will be addressed with relevant contractors
b) Drawing which shows existing systems was handed over to all contractors working in our area to avoid further damages
c) We have appointed three contractors for the installation meters in order to get read of backlog
d) Dropping of water sales was communicated to revenue department so that investigation can be conducted
e) We have provided water and sanitation department with preliminary design for the installation of RDP standard of water supply to areas without water supply infrastructure in order to avoid the use of water tankers.
f) We have audited government consumers meters and found out most of the meters are inside the yard which hinders on the accessibility for the meter reading

4.1.1.3 Action plan to achieve the target of 21.5% in 2013/14

a) Expansion of telemetry system on the bulk meters to regulate water demand and pressure management
b) Metering of all draw off points that are used to fill in water tankers
c) Industrial and government customers meter auditing on quarterly basis to detect meter malfunctioning and illegal connections
d) Appointment of service provider for the supply of pipes, fittings material and stock items to eliminate delays on response time during pipe burst due to lack of material in stores
e) Moving of government institutions meters from the yard to the road reserves in order to ensure accessibility to meter readers
f) Appointment of service provider to implement water demand management, pressure management and leak detection in the distribution network.
g) Monitoring of response time on water and meter queries and make intervention to reduce response time

4.2.1 Increase revenue collection from 66% to 70% in year 2012/2013

4.2.1.1 Reasons for target not being achieved

a) Incorrect readings submitted by the meter reading service provider which resulted I n incorrect billing. This resulted in a decline in the number of paying consumers. As at June 2012, there were about 14 878 regular paying consumers as compared to 13 868 in June 2013.

b) Indigent consumers who continuously consume more than the allocated 20kl per month. On average, about 1 664 indigent's consumers exceed the consumption of 20kl during the year ended June 2013. During the year, about 50 Water Management devices were installed to manage the indigent consumptions. Only 44 are still in working order.

c) Lack of regular meter audits not performed by SWA to validate the readings supplied on a monthly by the service provider.

d) Lack of continuous follow up with the consumers to ensure that at least their current charges are settled.

4.2.1.2 Mechanisms adopted to achieve set targets

a) Meter readings

- Verified meter readings submitted by the service provider
- Had meetings with the service provider to validate the meter audit report

b) Indigents

- Identified consumers who are not supposed to be in the register and handover de-registration
- Fast tracked the installation of electronic Water demand devices on indigents
- Monitored indigent consumptions

4.1.1.3 Action plan to achieve the target of 72% in 2013/14

The following revenue collection strategy will be implemented to ensure that the target of 72% is achieved:

a) **Top 100 overdue Accounts**

A clean-up process of the debtors' book needs to take place in the new financial year. We selected the "top 100" accounts; representing debtors owing SWA more than R100 000.

The above debt will be approached as follows:

- Start with the priority areas, in the following sequence (1) business, (2) government, (3) residential (non-registered indigent consumers)
- Analyse (reconcile) the accounts to ensure accuracy, contact details, etc.
- For outstanding accounts above R100 000, set up meetings with senior management of the institutions to present details and request payment. For the smaller accounts (less than R10 000), first make contact (telephonic or personal visit) and if no reaction then letters of demand be issued requesting payment within seven days.
- Failure to pay within seven days, restrict the water supply and for commercial, complete disconnections are required. Restrictions are required for residential.
- After 28 days' notice hand accounts over for black listing (owners, directors) with credit bureau(s).
- Reconnection of water supply can only be done if arrangement is made to settle the account within three months.
- Follow ups and spot checks must be done to ensure water supply has not been illegally connected.

It should be noted that due to political circumstances, it is not always possible to recover outstanding debt from government institutions, especially schools, police stations, etc. However, these outstanding debts should also be followed up vigorously and where these departments show any lack of co-operation their accounts should be treated in the same manner as any private account. Once the cycle of the above 100 accounts are complete, another 100 accounts should be tackled in the same way.
It is important to note that these debts have been fully provided for in the balance sheet.

b) Increase Current Collection Rates

Systems and processes must be formalised to ensure that current accounts are managed on a monthly basis. Senior revenue controllers will be required to report on each of the current

collections in their respective areas. A reactive approach is costly, time consuming and less effective. Current account management must be a proactive approach, where the debtor is notified before due date that the payment is expected. This can be done through sms, telephone call, fax, notice, reminder/ flyer, notice boards, etc. The objective is to inform and remind the debtor to pay.

Only after the above has been done then can the reactive process start. The updating of direct deposits and cheque payments must be done before the cut off list is produced. Disconnection notices must be sent after due date and cut off lists provided to the contractors. Spot checks and follow ups are needed to ensure the disconnection or restriction process becomes effective.

c) Inactive Accounts

The next group for reconciliation will be “inactive accounts” with outstanding balances. Where possible, outstanding amounts should be investigated and collected in terms of the credit control and debt collection policy whilst other accounts should be written off in terms of the proposed write off policy. This exercise will be performed on a monthly basis and reported at management committee meetings.

d) Meter Reading Process

The meter reading process also poses serious problems and all meters with no movement should be investigated and corrections made. Where consumers were not billed for the period, the meters should be replaced, averages taken for three months and these consumers should be billed. Where accounts were placed on “extension” it should be lifted and the consumer must make an arrangement to settle the account over a maximum period of twelve months. The monthly meter reading variance and exception reports must be analysed and referred to an official dedicated to this task. In order to have effective revenue and debt management systems, the entity needs to ensure that accurate and credible accounts are produced.

Quarterly meter audits will be undertaken by SWA to confirm the validity of the readings supplied by the service provider. 100% of the meters will be audited in each quarter.

e) Illegal Connections

Systems and processes needs to be improved to ensure that disconnection instructions are

implemented and those consumers don't reconnect themselves. A system where periodic spot checks are conducted is needed, and if found that illegal reconnections were made, the illegal connection should be removed and the consumer must pay for a new connection plus a penalty. This message must be clearly communicated and stricter enforcement is a matter of urgency. Illegal reconnections must also be reported to the South African Police Services. The illegal connections are also contributing significantly to the high levels of unaccounted for water.
Disconnections, restrictions and reconnections reports needs to be compiled on a monthly basis and strict monitoring of these reports should take place.

5 CONCLUSION

SWA has achieved 10 out of the 12 set key performance indicators for the 2012/13 financial year, representing 83% of the key performance indicators

SECTION 3: FINANCIAL PERFORMANCE

Operating results

The operating results for the year ended 30 June 2013 are as follows:

Detail	2012 Restated	2013
	R	R
Total Revenue	273 056 554	316 107 559
Cost of sales	(108 457 226)	(132 962 550)
Gross surplus	**164 599 328**	**183 145 009**
Other income	1 757 672	4 026 129
Operating expenses	(204 790 553)	(214 159 971)
Operating deficit	**(38 433 553)**	**(26 988 833)**
Investment revenue	21 826 154	24 114 356
Finance cost	(2 199)	0
Deficit for the year	**(16 609 598)**	**(2 874 477)**

The South African economy experienced an average growth rate of 2.3% during the 2012/2013 financial period. The weak economy still continue to have a negative influence on job security, with the result that payment levels on consumer accounts drastically reduced during the financial period reported. Interest rates remained stable and the Rand weakened against most of the commodities. The Company was resilient and was able to deliver an improved level of service to the community.

The operating result for the year within the Water Services Provision Division was well within budget, except for a year-end adjustment in lieue of accruals. The Waste Water Treatment division has shown a operating loss of R1,2 million due to increases in electricity and security during the financial year.

Cost of sales increased as a result of unaccounted for water which did not relate to corresponding sales.

Revenue

The Operating revenue consists of the following:

Revenue	2012	2013
	R	R
Waste Water Income	32 960 942	36 431 229
Water income	137 531 437	145 302 042
Other income	614 253	4 026 129
CTMM Subsidy	98 379 175	132 147 288
Project income	1 143 419	0
Government grants	4 185 000	2 227 000
Interest received	21 826 154	24 114 356
Total revenue and Other Income	**296 640 380**	**344 248 044**

The Company posted revenue and other income of R 344 million for the year, compared to R 296 during the previous year, an increase of 16,2%.

The main reason for the increase in revenue is as result of increase in water sales as result of the increase in tariffs.

The subsidy from the Shareholder, the City of Tshwane Metropolitan Municipality, has increased by 34% as result of the decrease in subsidy from Department of Water Affairs (DWA) and an increase in water supply to informal areas.

SECTION 4: DEBTORS AGE ANALYSIS BY CATEGORY

Sandspruit Works Association - Supporting Table F3 Entity Aged debtors - June

Detail R thousands	NT Code	Current Year 2012/13										
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	Bad Debts	>90 days
Debtors Age Analysis By Revenue Source												
Rates	1200									–		–
Electricity	1300									–		–
Water	1400	10,431	10,155	9,616	8,746	9,877	6,501	325,481		380,807	359,021	350,605
Sewerage / Sanitation	1500									–		–
Refuse Removal	1600									–		–
Housing (Rental Revenue)	1700									–		–
Other	1900									–		–
Total By Income Source	**2000**	**10,431**	**10,155**	**9,616**	**8,746**	**9,877**	**6,501**	**325,481**	**–**	**380,807**	**359,021**	**350,605**
Debtors Age Analysis By Customer Group												
Government	2200	(719)	369	169	63	117	28	3,760		3,787	–	
Business	2300	139	551	444	299	432	242	1,870		3,977	–	
Households	2400	11,011	9,235	9,003	8,384	9,327	6,231	319,850		373,041	–	
Other	2500									–	359,021	
Total By Customer Group	**2600**	**10,431**	**10,155**	**9,616**	**8,746**	**9,876**	**6,501**	**325,480**	**–**	**380,805**	**359,021**	

SECTION 5: ASSESSMENT OF ARREARS ON MUNICIPAL TAXES AND SERVICE CHARGES

ACCOUNT NO	LAST ST	NAME	STAND	BALANCE
306540017	1	CITY OF TSHWANE	MABOPANE STATION	321 471.87
190549658	1	CITY OF TSHWANE	EMALAHLENI SKILL DEV	124 643.83
104527973	2	CITY OF TSHWANE	KEATLARETSE EARLY LR	62 518.42
190548295	1	CITY OF TSHWANE	ROAD AND STORM DIV	55 365.54
117540065	1	CITY OF TSHWANE	ZONE 17 PARK GARANKUWA	52 985.60
9001542122	1	CITY OF TSHWANE	MULTIPURPOSE CENTRE	61 860.05
307545314	2	CITY OF TSHWANE	MABOPANE C LIABRARY	48 959.74
301540086	1	CITY OF TSHWANE	WASTE MANAGEMENT	39 871.06
190540081	1	CITY OF TSHWANE	ROADS AND STORM	36 387.00
310549533	1	CITY OF TSHWANE	BLOCK M PARK 2	27 928.48
105525036	1	CITY OF TSHWANE	GARANKUWA TRC	25 186.03
108540079	1	CITY OF TSHWANE	ZONE 8 PARK 2	22 371.99
9001550214	2	CITY OF TSHWANE	DUBE COMMUNITY HALL	20 029.02
9001541908	1	CITY OF TSHWANE	SEWERAGE TREATMENT	19 449.53
308550125	1	CITY OF TSHWANE	BLOCK D PARK	18 868.20
307515784	3	CITY OF TSHWANE	BLOCK X PARK	17 184.81
150508193	2	CITY OF TSHWANE	GARANKUWA STADIUM	19 253.62
310549525	1	CITY OF TSHWANE	BLOCK M PARK 1	11 973.00
101515222	2	CITY OF TSHWANE	SUPEINTENDENT OFFICE	10 714.45
9001541711	1	CITY OF TSHWANE	WINTERVELDT COUNCIL	7 991.10
310550132	1	CITY OF TSHWANE	ROADS AND STORMWATER	7 042.32
502540289	1	CITY OF TSHWANE	LEBANON PARK 1	7 390.35
116570033	2	CITY OF TSHWANE	ZONE 16 PARK	6 239.91
310542776	1	CITY OF TSHWANE	MABOPANE INDOOR SPOR	6 138.90
350521089	1	CITY OF TSHWANE	MABOPANE FIRE STATIO	5 688.41
9001547434	1	CITY OF TSHWANE	WINTRVELDT CBD	4 704.73
101541363	1	CITY OF TSHWANE	ROADS AND STORMWATER	2 891.21
501570605	3	CITY OF TSHWANE	TSHWANE METRO COUNCI	2 781.37
101541223	1	CITY OF TSHWANE	GARANKUWA COMM HALL	3 264.72
307520524	1	CITY OF TSHWANE	BLOCK X REVENUE OFFI	2 597.60
303560149	2	CITY OF TSHWANE	ROADS & STORM WATER	2 207.88
302504202	2	CITY OF TSHWANE	MABOPANE OFFICE -B	2 133.43
301540884	1	CITY OF TSHWANE	MABOPANE WASTE MANAG	1 650.82
301530714	2	CITY OF TSHWANE	MABOP SUPRENT OFFICE	1 547.05
309540956	1	CITY OF TSHWANE	BLOCK S PARK 2	893.28
125539238	1	CITY OF TSHWANE	ZONE 25 PARK 11	910.00
305557056	1	CITY OF TSHWANE	28 BLOCK U PARK 4	798.39
502517937	1	CITY OF TSHWANE	LEBANON PARK 3	936.43
123510267	1	CITY OF TSHWANE	ZONE 23 PARK 4	526.56
125540317	1	CITY OF TSHWANE	ZONE 25 PARK 13	608.63
125540171	1	CITY OF TSHWANE	ZONE 25 PARK 12	626.99
150509289	3	CITY OF TSHWANE	METRO POLICE	334.84

123518969	1	CITY OF TSHWANE	ZONE 23 PARK 1 GARAN	328.78
125538703	1	CITY OF TSHWANE	ZONE 25 PARK 7	300.09
125539092	1	CITY OF TSHWANE	ZONE 25 PRAK 10	496.21
125538843	1	CITY OF TSHWANE	ZONE 25 PARK 8	562.39
120539108	1	CITY OF TSHWANE	ZONE 20 PARK 6	195.16
119508053	1	CITY OF TSHWANE	BLOCK V PARK	524.21
302540217	1	CITY OF TSHWANE	MABOPANE TRAFFIC ISL	500.15
102549899	2	CITY OF TSHWANE	VT SEFORA LIBRARY	35.99
116509679	2	CITY OF TSHWANE	DEPT OF WELFARE	27.58
350520074	3	CITY OF TSHWANE	Social Development	(42 040.55)
116509679	2	CITY OF TSHWANE	Dept of Welfare	254.66
116509687	2	CITY OF TSHWANE	Social Development	(5 886.21)
105549814	1	CITY OF TSHWANE	Social Development	571.01
				1 077 138.08

SECTION 6: STATEMENTS OF AMOUNTS OWED BY GOVERNMENT DEPARTMENTS PUBLIC ENTITIES

INSTNO	LASTST	NAME	ADDR1	ACCBAL
302535523	2	ATLEGANG HIGH SCHOOL	P O BOX 94	232.45
118548191	1	BACHANA MOKWENA SCHO	2202 GARANKUWA VIEW	1 757.39
303510958	2	BANA PRIMARY SCHOOL	PO BOX 238	318.90
105524021	2	BODUBELO PRIMARY	P O BOX 103	3 141.19
304538511	2	BOITEKANELO P SCHOOL	PO BOX 81	1 291.56
102525698	2	BOLOKANANG PRI SCHOO	2831 ZONE 2	3 005.02
104509266	3	DEPT OF PUBLIC WORKS	SUNSHINE HOSPICE	149 635.88
303550119	3	DEPT OF PUBLIC WORKS	TUMELO HOME & HOSPIC	63 766.69
107511083	2	DEPT OF PUBLIC WORKS	SEREMANE EL	26 469.98
305506273	2	DEPT OF PUBLIC WORKS	884 BLOCK U	11 621.17
502540653	1	DEPT OF PUBLIC WORKS	ZION CHRIRIAN CHURH	6 770.53
102549295	1	DEPT OF PUBLIC WORKS	JESUS MY ANSWER	6 179.98
304505281	3	DEPT OF PUBLIC WORKS	MAFULO A MATALA	3 134.78
107507329	2	DEPT OF PUBLIC WORKS	DEPT HEALTH SOC WELF	3 054.61
303560157	1	DEPT OF PUBLIC WORKS	KAMO BUSINESS CONSTR	1 437.77
502547666	1	DEPT OF PUBLIC WORKS	MIYELA SIDZEDZE CO	1 378.26
310553662	1	DEPT OF PUBLIC WORKS	MODUBU SPARKS	883.94
305505897	2	DEPT OF PUBLIC WORKS	924 BLOCK U	824.69
302540152	1	DEPT OF PUBLIC WORKS	JESUS CHRIST C.CHURC	642.97
106502412	4	DEPT OF PUBLIC WORKS	GAGOKALAFI (NPO)	610.86
108506415	2	DEPT OF PUBLIC WORKS	TJALE MD	1 007.93
305503967	2	DEPT OF PUBLIC WORKS	918 BLOCK U	444.88
303515178	3	DEPT OF PUBLIC WORKS	DEPT OF EDUCATION	352.14
304504544	2	DEPT OF PUBLIC WORKS	190 BLOCK C	244.94
107510958	2	DEPT OF PUBLIC WORKS	KGOSIMORE LP	135.44
308539253	3	DEPT OF PUBLIC WORKS	BADIRI OLD AGE HOME	2 029.55
303515151	3	DEPT OF WORKS	4445 B BLOCK B	160.24
9001544346	1	DIKGAKOLOGO P SCHOOL	PRIVATE BAG X304	784.84
301530072	2	DITSHABA PRIM SCHOOL	PO BOX 143	5 737.45
302535558	2	DITSHEGO MID SCHOOL	PRIVATE BAG X522	478.36
9001550222	1	DR S MOTSUENYANE SCH	STAND 1571	43 681.47
501585165	1	EDWIN MOALUSI P SCH	PRIVATE BAG X571	66.79
105549806	1	FORENSIC PATHOLOGY S	P O BOX 9514	4 101.80
502516574	2	GALEBOE MIDDLE SCHOOL	P O BOX 247	391.76
105505434	2	HOLELE HIGH SCHOOL	PRIVATE BAG X1050	2 423.66
9001544435	1	HOLY TRINITY COMMUNI	PO BOX 911-252	1 331.53
502518283	1	IKELENG P SCHOOL	PO BOX 780	318.90

190540405	1	KAGISANONG VIEW OFFI	P O BOX 108	15 344.99
501568279	2	KGABO CLINIC	P O BOX 9514	18 852.49
104529038	2	LESEGO PRIMARY SCH	PO BOX 130	159.46
105505442	2	LESOLANG PRIM SCHOOL	PO BOX 38	1 403.18
116509709	2	LOWE MIDDLE SCHOOL	ZONE 16	318.90
190500586	2	MABOPANE HIGH SCHOOL	PRIVATE BAG X503	7 417.75
303550178	2	MABOPANE POLICE STA-	BLOCK B	178.05
190500802	2	MAGISTRATE COURT	GARANKUWA ZONE 5	3 276.02
9001545482	1	MAHLWARENG P SCHOOL	PO BOX 232	1 580.12
116553686	2	MAPENANE M SCHOOL	193 ZONE 16	318.90
301530161	2	MARULA PRIM. SCHOOL	PO BOX 129	11 597.76
9001545431	1	MLOKOTWA-DUBE P SCH	PO BOX 76	3 425.82
102507665	2	MODIRI HIGH SCHOOL	PO BOX 139	318.90
101533476	2	MOEPATHUTSI ABET CEN	287 ZONE 1	3 159.54
102507657	3	MOLAPO PRIM SCHOOL	P O BOX 139	318.90
9001500411	2	MONTSHO PRIMARY SCHO	PO BOX 273	580.11
304537825	2	MPHO PRIMARY SCHOOL	PO BOX 80	4 725.04
103525446	2	NEO PRIMARY SCHOOL	4225 ZONE 3	246.17
502508628	2	NGAKA MASEKO H SCH.	PRIVATE BAG X561	143.50
103525454	2	ODI HIGH SCHOOL	PO BOX 204	20 009.10
305524506	3	ODI MILITARY BASE	ZONE U	284 336.54
190501493	2	ODI SPORTS STADIUM	MANGOPE HIGHWAY	3 208 316.84
101515214	2	PABALELO VERBETERING	PRIVATE BAG X 1006	3 531.34
101515249	2	PHEDISONG 1 CLINIC	DEPT OF HEALTH	356.09
104503322	2	PHEDISONG 4 CLINIC	DEPT OF HEALTH	854.34
104503349	2	PHEDISONG 4 CLINIC	DEPT OF HEALTH	283.31
104540163	1	PHEDISONG HEALTH CEN	DEPT OF HEALTH	27 578.97
190500799	2	POLICE STATION	PRIVATE BAG X2085	291 896.66
190501159	2	PRISON ODI	PRIVATE BAG X2085	85 301.43
103526248	2	RAKALE PRIMARY SCH	PO BOX 164	6 104.90
104510787	2	RANTAILANE HIGH SCHO	5799 ZONE 4	5 874.60
9001544508	1	REIMOLOTSWE P SCHOOL	PO BOX 6	609.96
9001544389	1	REINOTSWE SPEC SCH	PO BOX 57	2 004.75
302534772	2	RETLILEPELE PRIMARY	PO BOX 61	3 476.05
305526878	1	SEDILEGA CLINIC	DEPT OF HEALTH	1 903.91
306505777	1	SELELO P SCHOOL	417 BLOCK E	9 088.75
190500918	2	TECHNIKON NORTH WEST	CREDITORS(I BECKING)	11 719.43
9001544494	1	THABA P SCHOOL	P O BOX 909	2 065.39
9001544338	1	THULAGANYO MID SCHOO	PO BOX 131	6 845.07
9001588335	1	TIDIMALONG P SCHOOL	ATT ME MAKGABUTLANE	0.09
302504237	2	TLAMELONG CLINIC	DEPT OF HEALTH	8 291.50
101515257	2	TLOTLOMPHO PRIM SCHO	PO BOX 3	3 735.91
190500578	3	TRANSPORT OFFICES	EFFORT KGAMEDI	43 352.47

103525268	2	TSHEPO MIDDLE SCHOOL	PO BOX 66	8 066.25
190500543	3	TSHWANE SOUTH COLLEG	PRIVATE BAG X1018	7 207.22
190500993	3	TSHWANE WEST DIS-D15	PRIVATE BAG X 38	145 275.64
9001544532	1	TSWAING HIGH SCHOOL	PRIVATE BAG X302	4 174.81
104529046	2	TSWELELANG MIDDLE	5800 ZONE 4	3 788.40
9002517873	1	TUT-HEBRON RESIDENCE	PRIVATE BAG X 38	19 199.40
9001500195	2	WINTERVELDT CLINIC	DEPT OF HEALTH	2 863.06
9001545415	1	WINTERVELDT HIGH SCH	PRIVATE BAG X597	1 274.13
				4 673 059.26

SECTION 7: ASSESSMENT OF DIRECTORS AND SENIOR MANAGERS MUNICIPAL ACCOUNT

Name of Director/ Senior Manager	Designation	Name of Municipality	Municipal Account Name & Account Number	Account Status	Comments
M J Taetsane	Managing Director	Erkhuruleni	MJ Taetsane 2202285068	Current	N/A
P Avenant	Financial Manager	CTMM	P Avenant 2052509091 and 5004372309	Current	N/A
S Baronian	Operation Manager	Johannesburg	S Baronian LUM0023A	Current	N/A
A Singo	Human Resource Manager	CTMM	A Singo	Current	N/A
S Nkosi	Marketing Manager	CTMM	S Nkosi 5002048904 and 0310546798 2	Current	N/A
S Gramoney	Strategic Legal Advisor	CTMM	S Gramoney 5007004094	Current	N/A

CHAPTER THREE: DIRECTOR'S REPORT AND GOVERNANCE

SECTION 1: STATEMENT OF RESPONSIBILITY BY THE BOARD

In accordance with the Companies Act No 2008, Municipal Finance Management Act and King III, the Board is required to prepare annual financial statements that comply with Generally Required Accepted Practice.

The Board is responsible for ensuring that complete, accurate and reliable accounting records form the basis for preparing annual financial statements. The financial statements include judgments and estimates that are reasonable and prudent, made by management, reviewed and accepted by the Board. The Board also ensures that the accounting policies are appropriate to the organization. In order to achieve this objective the Board relies on the systems of internal control set up and maintained by management.

Independent internal auditor assist the Board in their task of ensuring that internal controls are adequate and operate as intended throughout the financial year under review. The internal controls include a risk based system of internal accounting and administrative controls designed to provide reasonable, but not absolute assurance that the assets are safeguarded and transactions executed and recorded in accordance with the generally accepted business practices as well as the organisation's policies and procedures. The Board has however, the ultimate responsibility for this system of internal controls and reviews the effectiveness of its operations primarily through the Audit and Risk Committee.

The Board has every reason to believe that the organization has adequate support from the shareholder to continue in operation in the foreseeable future and has for this reason adopted the going concern basis in preparing the annual financial statements. The Auditor General who were given unrestricted access to all financial records and related data including the minutes of the board and Board Committees, have audited the financial statements.

The Board believes that all representations made to the independent auditors during the audit are valid and appropriate. Their audit report on the annual financial statements is presented in pages 84.
The board is of the opinion that the annual financial statements fairly present the financial position of the organization at 30 June 2012, and the results of its operations and cash-flow for the year ended. Material facts or circumstances between the accounting date and the date that the report is disclosed in the annual financial statements.The annual financial

statements, have been approved by the Board on 29 August 2013 and signed on its behalf by:

CHAIRPERSON	**MATSEPELA TAETSANE**
BOARD OF DIRECTORS	**CHIEF EXECUTIVE OFFICER**

SECTION 2: CORPORATE GOVERNANCE STATEMENT

The Board of Directors and Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King III Code on Corporate Governance. Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. Monitoring the entity's compliance with King Code on Corporate Governance forms part of the mandate of the group audit committee. The entity has complied with the Code in all respect during the year under review.

The Board of Directors has incorporated the City of Tshwane's Corporate Governance Protocol (the Protocol) in its Board Charter, which *inter alia* regulates its relationship with the City of Tshwane as its sole member and parent municipality in the interest of good corporate governance and good ethics.

The Protocol is premised on the principles enunciated in the King Report for Corporate Governance for South Africa 2002 ("King III report"). Sandspruit steadfastly consolidated its position in respect of adherence to the King II report on Corporate Governance. The entity' practices are, in most material instances, in line with the principles set out in the King II/III Report. Ongoing steps are however taken to align practices with the Report's recommendations and the Board continually reviews our progress to ensure that we improve our Corporate Governance. During the year under review Sandspruit entrenched its risk management reviews and reporting and compliance assessments were conducted in terms of the Companies Act and the Municipal Finance Management Act (MFMA). The annual Board assessments and evaluations were conducted and an annual report for the previous year was effectively completed in accordance with the terms of section 121 of the Municipal Finance Management Act. The current financial report was guided by the same principles.

SECTION 3: BOARD OF DIRECTORS

Sandspruit Works Association has a unitary board, which consist of 1 executive and 5 non-executives directors. The board meets regularly, at least quarterly and retain full control over Sandspruit. The Board remains accountable to City of Tshwane Metropolitan Municipality, the sole member and its stakeholders. A Service Delivery Agreement (SDA) concluded in accordance with the provisions of the MSA governs the entity' relationship with the City of Tshwane. The Board provides Monthly, Quarterly, Bi-Annually and Annual Reports on its performance and service delivery to the parent municipality as prescribed in the SDA, the MFMA and the MSA.

Non-executive Directors contribute an independent view to matters under consideration and add to the depth of experience of the Board. The roles of Chairperson and Managing Director are separate, with responsibilities divided between them. The Chairperson has no executive functions. Members have unlimited access to Sandspruit Secretary, who acts as an advisor to the Board and its committees on matters including compliance with Sandspruit Rules and Procedures, statutory regulations and best corporate practices.

The Board or any of its members may, in appropriate circumstances and at the expense of Sandspruit, obtain the advice of independent professionals. An annual director and peer review is undertaken, as well as a Board evaluation.

Board & Board committees	**No of meetings**
Board Meetings	10
Special board meetings	0

<u>QUORUM</u>

The required quorum was present at all meetings.

<u>SPECIAL RESOLUTIONS</u>

No special resolutions recorded during the 2012/2013 financial year.

SECTION 4: THE BOARD CHARTER

1 INTRODUCTION

1.1. Sandspruit Water Works Association ("Sandspruit") is a municipal entity established in terms of the Municipal Systems Act, Act 32 of 2000. It has been established solely to develop, prepare and maintain water and sanitation services on behalf on the Tshwane Metropolitan Municipality in the areas of Mabopane, Ga-Rankuwa and Winterveldt.

1.2. Sandspruit is governed by the Municipal Finance Management Act ("MFMA") and the Companies Act 63 of 1973 as well as the principles enshrined in the King Report on Corporate Governance.

1.3. This Charter sets out details of the functions and responsibilities of the Board of Directors of Sandspruit.

2 OBJECTIVES

2.1 The overall objective of this Charter is to:-

2.1.1 enable the Board of Directors to provide strategic guidance to Sandspruit and to effectively oversee management;

2.1.2 clarify the respective roles and responsibilities of directors and management in order to facilitate management accountability;

2.1.3 ensure a balance of authority so that no single individual has unfettered powers,

2.1.4 ensure compliance with regulations and the laws of the Republic of South Africa;

2.1.5 ensure that management adheres to mandate given to them by government as well as adhering to the approved budget.

3 ROLE OF SANDSPRUIT

The main role of Sandspruit is to ensure that the governance and quality assurance is achieved across the provision of the water and sanitation provision with the area of operations.

4 **STRUCTURE AND COMPOSITION OF THE BOARD**

4.1 Sandspruit board consist of Six (6) directors. Five (5) of the directors are non-executive directors with the Chief Executive Officer being the only executive director of Sandspruit. All four [5] members of the board were appointed by the City of Tshwane Metropolitan Council ("The City").

4.2 The City has the power at any point in time to remove any directors from the Board and to fill any vacancies created by such removal.

4.3 Board of directors shall be independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgment as board of directors.

5 **ROLE AND RESPONSIBILITY OF THE CHAIRPERSON**

5.1 The Chairperson's responsibilities are to, inter alia:-

5.1.1 preside over meetings of directors and to ensure the smooth functioning of Sandspruit in the interests of good governance;

5.1.2 provide overall leadership to Sandspruit without limiting the principle of collective responsibility for Sandspruit decisions;

5.1.3 arrange for new members appointed to Sandspruit to be properly inducted and oriented, and monitoring and evaluating Sandspruit and director appraisals;

5.1.4 determine the formulation of an annual work plan for Sandspruit against agreed objectives and goals, as well as playing an active part in setting the agenda for Sandspruit meetings;

5.1.5 maintain relations with the City and Auditor General and other key stakeholders;

5.1.6 ensure that all directors play a full and constructive role in the affairs of Sandspruit and take a lead role in removing non-performing or unsuitable directors from Sandspruit;

5.1.7 ensure that all the relevant information and facts are placed before the Board to enable the directors to reach an informed decision;

5.1.8 ensure that directors exercise utmost good faith, honesty and integrity in all their dealings with or on behalf of Sandspruit and act independently of any outside fetter or instruction;

5.1.9 always act in the best interests of Sandspruit and never for any sectoral or self interest;

5.1.10 be informed about the financial, operational and social environment in which Sandspruit operates;

5.1.11 treat any confidential matters relating to Sandspruit as a director, as strictly confidential and not divulge such matters to anyone without the authority of Sandspruit;

5.1.12 ensure that procedures and systems are in place to act as checks and balances on the information being received by Sandspruit and ensure that Sandspruit prepares annual budgets and regularly updates forecasts against which its performance can be monitored.

6 **QUORUM OF MEETINGS**

6.1 In any Board of Directors meeting, the Board shall comprise a minimum of 3 members.

6.2 If a quorum is not present at a directors' meeting, the Chairman shall postpone such meeting for a period of 7 (seven) Business Days and notice of such postponed meeting including the date, time and place of such postponed meeting, shall be sent to all directors.

6.3 No business shall be transacted at a directors' meeting unless a quorum is present at the commencement of that meeting.

7 **MEETINGS AND PROCEEDINGS**

7.1 The Board shall meet:-

7.1.1 once every quarter; and/or

7.1.2 whenever so required by any director on seven (7) days' notice in writing to Sandspruit.

7.2 The meetings shall be held at such time and place and in such a manner as the chairperson may from time to time determine;

7.3 Meeting agendas shall be prepared and distributed in advance, together with sufficient background information to enable the board of directors to appropriately prepare for such meetings. For purposes of clarity, where the business to be transacted at the Board meeting requires the passing of the

special resolution, the agenda and notices convening such meeting shall be distributed within 21 (twenty one) clear business days prior to such meeting taking place.

7.4 Matters requiring approval by the Board shall be decided on by way of a majority vote. Where there is an equality of votes, the chairperson shall have a casting vote so as to break a deadlock in decision-making, unless the chairperson is of the opinion that the aims and objectives of the business of Sandspruit shall be better served by referring the issue in question to the next meeting for fresh deliberation and voting.

7.5 Urgent matters requiring approval by the Board may be circulated to Board members for approval on a Round Robin basis. Such Round Robins should include sufficient information so as to allow Board members to make an informed decision as regards such matter. A Round Robin will require that a Board member respond within 72 hours (3 business days), failing that the matter(s) so considered will be deemed to have been approved.

7.6 Should any director wish to have the subject matter of the round robin considered before a full Board, that member may so request that a formal meeting be convened at which the matter will be formally placed for consideration.

7.7 Round Robin decisions will be tabled at the following Board meeting for ratification.

7.8 The minutes of the board meetings shall be circulated to board of directors and those in attendance within 120 hours (5 business days) of such meetings, for approval thereof as a correct record of proceedings.

7.9 Minutes of the board of directors shall be tabled at the following meeting of the board for signature by the Chairman of the meeting.

8 VACATION OF OFFICE

8.1 A director may resign from the Board of Sandspruit by giving one month's written notice to the Chairperson who shall thereafter inform the Minister,

8.2 A director must vacate his or her office if he/she has been absent from more than three consecutive without leave of the chairperson of each such absence.

9 FEES

Board of directors not holding management positions in Sandspruit shall be remunerated for their services on the Board. The City of Tshwane Metropolitan Municipality shall determine the fees payable to members of the Board. The Chairman of the Board shall be paid additional fees for services rendered on the Board.

10 SANDSPRUIT POLICIES

10.1 Each director is bound by this charter, the code of conduct and Sandspruit's policies and, including:-

10.1.1 Audit Committee Charter;
10.1.2 Governance Committee Charter;
10.1.3 Procurement Committee Charter;
10.1.4 Remunerations Committee Charter;
10.1.5 Operations Committee Charter;

11 CONFLICT OF INTEREST

A member shall on his/her appointment to Sandspruit, disclose to the Chairperson of the Board any of his or her personal or material interest which may constitute a conflict of interest in respect of his or her duties as a member of the Board, and he or she shall in writing inform the Chairperson if any of such conflict or potential conflict arises after his or her appointment as a member of the board.

Sandspruit shall procure that such disclosure shall be kept at the registered office of Sandspruit and, subject to any reasonable restrictions as to the time and manner of inspection thereof that may be imposed by the board, shall be open to inspection by the City and/or other members Sandspruit.

12 SANDSPRUIT COMMITTEES

12.1 ***Sandspruit*** is responsible for ensuring corporate governance and is ultimately accountable and responsible for the performance and affairs of Sandspruit. Sandspruit acknowledges that committees mechanism to efficiently and effectively advice and provide the required leadership.

12.2 Sandspruit recognises that delegating authorities to committees does not in any way mitigate or exonerates directors from their duties and responsibilities.

12.3 Sandspruit realises that committees are merely a mechanism to aid and assist it and its directors in giving focused attention to specific areas of their duties and responsibilities in a more comprehensive evaluation of specified issues, such as audit, remuneration, risk management, etc.

12.4 To this end, Sandspruit has put in place the following Committees:-

12.4.1 Audit Committee,

12.4.2 Bid Committee,

12.4.3 Remunerations Committee,

12.4.4 Risk and Operations Committee,

12.5 The membership, resources, responsibilities and authorities (composition, functions and operation) of these Committees are elucidated in the Terms of References annexed to this Charter.

13 CONDITIONS OF SERVICE

13.1 The Board in consultation with the Minister shall be responsible for the determination of the remuneration, allowances and those other benefits of board members and that remuneration and those allowances shall be paid out of Sandspruit's budgeted funds.

13.2 The Minister may prescribe any other reasonable conditions of appointment to a member in order to achieve the objectives of the grading process in the Republic of South Africa.

13.3 The Minister may appoint a member for such period as the he may determine in case of each member.

14 RESPONSIBILITIES OF THE BOARD

14.1 The directors have a collective responsibility to provide effective corporate governance that involves a set of relationships between the City Sandspruit, nd other relevant stakeholder which include:-

14.1.1 Setting strategic direction and goals of Sandspruit and monitoring management's Implementation of that strategy;

14.1.2 Appointing such committees of Sandspruit as may be appropriate to assist in the discharge of its responsibilities and to determine their responsibilities;

14.1.3 Ensuring that procedures and practices are in place that protects Sandspruit' assets and reputation;

14.1.4 Monitoring financial outcomes and the integrity of reporting, in particular approving annual budgets and longer-term strategic and business plans;

14.1.5 Ensuring that effective audit, and compliance systems are in place to protect the Sandspruit's assets and to minimise the possibility of Sandspruit operating beyond legal requirements or beyond acceptable risk parameters;

14.1.6 Monitoring compliance with regulatory requirements and ethical standards.

The board shall be constituted in such manner as to represent the interests of Government and all business stakeholders.

15 REVIEW OF CHARTER

Sandspruit will reviews this Charter and the Charters of the sub-Committees annually to ensure they remain consistent with Sandspruit's objectives, responsibilities and relevant standards of corporate governance.

SECTION 5: BOARD COMMITTEES

The following committees have been formed, each of which is chaired by a non-executive director.

- Remuneration Committee
- Risk Management Committee
- Audit Committee

3.1 Remuneration Committee

The remuneration committee advises the board on remuneration policies, remuneration packages and other terms of employment for all directors and senior executives. Its specific terms of reference also include recommendations to the board on matters relating *inter alia,* general stall policy remuneration, profit bonuses, executive remuneration, director's remuneration and fees, service contracts, share purchase and option schemes, and retirement funds. The independent professional advisors advise the committee. The committee will have to meet three times during the year.

3.2 Risk Management Committee

The shareholder i.e. the City of Tshwane Metropolitan resolved that risk management committee will be hosted by the city and therefore Sansdpruit shall not have a Risk Management Committee.

3.3 Performance and Audit Committee

The Sandspruit Audit Committee was incorporated to the City of Tshwane's audit committee to form a Group Performance and Audit Committee. The audit committee consist of non executive and independent members.

The role of the Group Performance and Audit Committee is to assist the board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. The committee exercises its functions through close liaison and communication with corporate management and the internal and external auditors. The committee met four (4) times during the year under review.

The Group Performance and Audit Committee operates in accordance in with a written charter authorised by Council and cognisance taken by the board, and provides assistance to the board with regard to:

- Ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- Matters relating to financial accounting, accounting policies, reporting and disclosures;
- Appoint the Head of Internal and external auditors;
- Approve the Internal Audit Charter;
- Activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
- Review/ approval of internal and external audit plans, findings, problems, reports and fees;
- Compliance with the Code of Corporate Practices and Conduct; and
- Compliance with code of ethics.

The audit committee addressed its responsibilities properly in terms of the charter during the year under review. Few changes to the charter were adopted during the year under review. Management has reviewed the financial statements with the audit committee and the audit committee has reviewed them without management or the external auditors being present. The quality of the accounting policies was discussed with the external auditors.

The audit committee considers the annual financial statements of the Entity to be a fair presentation of its financial position on 31 August 2013 and of the results of its operations, changes in equity and cash flow for the period ended then in accordance with GRAP and the Companies Act

SECTION 6: RISK MANAGEMENT AND INTERNAL CONTROLS

RISK MANAGEMENT

Effective risk management is integral to Sandspruit's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks.
Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures in place to manage operating risk involve segregation of duties, transaction authorisation, supervision, monitoring and financial and managerial reporting.

INTERNAL CONTROLS

The board is responsible for the company's systems of internal financial and operational control. Sandspruit's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements and operational management information and ensures that assets are adequately safeguarded against material loss and that transactions are properly authorised and recorded. The system of internal controls includes a documented organisation structure and visions of responsibility, established policies and procedures, including a Code of Ethics to foster a strong ethical climate, which ate communicated to the parent municipality. Its also includes the careful selection, training and development of people.
Internal controls also provide assurance that Sandspruit's resources are utilised efficiently and that the activities of the group are in compliance with applicable laws and regulations, as per Section 132 of the MFMA and King III.

Internal auditors monitor the operation of the internal control systems and report findings and recommendations to management and the board of directors. Corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are defined. The board, operating through its audit committee, provides supervisions of the financial reporting process and internal control systems. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls.

Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of internal control systems can change with circumstances. A document and tested business continuity plan exist to ensure the continuity of business-

critical activities. The entity assessed its internal control systems as at 30 June 2011 in relation to the criteria for effective internal control over financial reporting described in its Internal Control Manual. The internal control process has been in place up to the date of approval of the annual report and financial statements. Based on its assessment, the group believed that, as at 30 June 2011, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, met those criteria.

SECTION 7: INTERNAL AUDIT FUNCTION

Sandspruit does not have an internal audit department as this function is performed by the Internal Audit Division of City of Tshwane.

The internal audit division has a specific mandate from the audit committee and independently appraises the adequacy and effectiveness of Sandspruit's systems, internal controls and accounting records, reporting its findings to local and divisional management; the Auditor-General South Africa and the audit committee. The Chief Audit Executive reports to the Audit committee and functionally to the City Manager and has direct access both the chairman of the audit committee and that of the board of directors.

The Chief Audit Executive prepares a risk based plan for approval by the audit committee. The audit committee assess the adequacy prior to approval. This ensures that the audit coverage is focused on and identifies areas of high risk.
The internal audit department of the City of Tshwane has a current complement of 18 personnel. It has a specific mandate from the audit committee and, independently appraises the adequacy and effectiveness of the group's systems, internal controls and accounting records. It reports its findings to local and divisional management, the external auditors as well as the audit committee. Internal audit also provides a consulting service on risks, controls and governance developments.The head of internal audit reports to the audit committee, meets with board members, has direct access to senior executive management and is invited to attend various managementmeetings.

In 2011/2012, internal audit increased its focus on reviewing significant non-financial risk areas as well as sustainability and legal compliance activities. This coincided with activities to advise the business on development of a combined assurance model and other recommendations made in the King III report on corporate governance. The forensic activity was streamlined to increase effectiveness.

SECTION 8: RESPONSE TO AUDITOR GENERAL REPORT

Matters raised by the Auditor General have been noted and will be addressed in 2013/2014 financial year.

SECTION 9: CORPORATE ETHICS AND ORGANISATION INTERGRITY

Sandspruit has developed a Code of Conduct (‘the Code”) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism.

In summary the Code requires that at all times, all Sandspruit personnel act with utmost integrity and objectivity and in compliance with the letter and spirit of both the law and Sandspruit policies. Failure by employees to act in terms of the Code results in disciplinary action. The Code is discussed with each new employee as part of his or her induction training and all employees are asked to sign an annual declaration confirming their compliance with the Code. A copy of the Code is available to interested parties upon request. A toll-free anonymous telephone facility exists for reporting of non-adherence to the Code or ethic related matters. Furthermore, any breach of the Code is considered a serious offence and is dealt with accordingly; as a result, this acts as a deterrent. The directors believe that ethical standards are being met and fully supported by the ethics programme.

CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

SECTION 1: HUMAN RESOURCE MANAGEMENT

The entity has aligned its Human Resource practices and policies to those of the City of Tshwane.

Staff information

Key function (as per organisational structure, eg, planning, connections, etc)	**2012/2013**		**2011/12**	
	Number of posts	**Number of posts filled**	**Number of posts**	**Number of posts filled**
Management	17	16	14	14
Administration	163	164	156	149
Field staff	79	75	77	73
Total	**261**	**255**	**247**	**236**

SECTION 2: EMPLOYMENT EQUITY

Occupational Categories	**MALE**			**FEMALE**				**White male**	**Foreign Nationals**		**Total**
	A	C	I	A	I	C	W		Male	female	
Top management	3				1			2	-	-	**6**
Senior management (Managers)	4			1							**5**
Professionally qualified and experienced specialists and mid-management	1			2							**3**
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	12		1	10				2			**25**
Semi-skilled and discretionary decision making	73	1		56			1				**131**
Unskilled and defined decision making	71			4							**75**
Total permanent	164	1	1	73	1		1	4			**245**
Non-permanent employees	3			6				1			10
Grand total	167	1	1	79	1		1	5			**255**

SECTION 3: SKILLS DEVELOPMENT AND TRAINING

Expenditure on training for various skills priorities during 2012/13 – **R579 831.47**

Learning Intervention Statistics

Occupational Category	Total
Legislators, senior officials and managers	4
Professionals	7
Clerical & Administrative Workers	7
Machinery Operators and Drivers	2
Elementary Workers	1
Bursaries	5

Learnerships and apprenticeships for 2012/13

Name of learnership Name of apprenticeship	Number of students during intake of Learnership or apprenticeship	Learnership or apprenticeship budget	Provider	Start date	Proposed ending date
No learnership and Apprenticeship were implemented during the 2012/2013 FY.					

Occupational health and safety

Number of injuries on duty: **2**

Pension funds/ Provident Fund

Alexander Forbes Provident Fund - 242 members

Medical aid funds

Medical Aid Fund - Discovery Health Medical Fund

Number of Members - 24

Medical Aid Fund - Sizwe Medical Fund

Number of Members - 209

The balance of employees is on their spouses' medical aid.

Outstanding amounts owed to the entity by employees:

Not applicable to the entity

The table below indicates expenditure on salaries over the last 3 years:

	2012/13	2011/12	2010/11
	R ‘ 000	R ‘ 000	R ‘ 000
Total operating expenditure	161 844	167 741	150 900
Total payroll expenditure	73 559	71 969	64 375

The table below indicates expenditure on salaries over the last 3 years:

	2012/13	2011/12	2010/11
	R ‘ 000	R ‘ 000	R ‘ 000
Total payroll expenditure	73 559	71 969	64 375

CHAPTER FIVE: AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

Section 1: Annual Financial Statements (AFS)	**(ANNEXURE A)**
Section 2: Auditor General Report	**(ANNEXURE B)**
Section 3: Management Letter Action Plan	**(ANNEXURE C)**

SANDSPRUIT WORKS ASSOCIATION SOC LIMITED

(Registration number 1999/019160/08)

TRADING AS ODI WATER SERVICES

Audited Annual Financial statements
for the year ended 30 June 2013

Sandspruit Works Association SOC Limited

(Registration number 1999/019160/08)
Trading as ODI Water Services
Audited Annual Financial Statements for the year ended 30 June 2013

General Information

Nature of business and principal activities	Water and Sanitation Services
Chief Executive Officer (CEO)	MJ Taetsane
Chief Financial Officer (CFO)	P Avenant
Board of Directors	Adv K-D Garlipp (Non-Executive) CV Maboka (Non-Executive) KA Eales (Non-Exectuive) LN Bokaba (non-Executive) T Moromane (Non-Exectuve) MJ Taetsane (Executive Director) ME Makgato (Non Executive): Resigned 30 June 2012 KH Sekhokho (Non-Executive): Resigned 30 June 2012 M Dooms (Non-Executive): Resigned 30 June 2012
Registered office	Molefe Makinta Highway Opposite Morula Sun Next to NTI Mabopane 0208
Business address	Molefe Makinta Highway Opposite Morula Sun Next to NTI Mabopane 0208
Postal address	Private Bag X1124 Ga-Rankuwa 0221
Controlling entity	City of Tshwane Metropolitan Municipality (CTMM)
Bankers	Standard Bank of South Africa and ABSA Bank of South Africa
Auditors	Auditor-General South Africa (AGSA)
Company Secretary	Samantha Gramoney
Preparer	The annual financial statements were compiled internally by: IS Mogototoane CA(SA)
Company registration number	1999/019160/08

Sandspruit Works Association SOC Limited
(Registration number 1999/019160/08)
Trading as ODI Water Services
Audited Annual Financial Statements for the year ended 30 June 2013

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The reports and statements set out below comprise the audited annual financial statements presented to the provincial legislature:

Abbreviations

GRAP	Generally Recognised Accounting Practice
UIF	Unemployment Insurance Fund
MFMA	Municipal Finance Management Act (Act 56 of 2003)
SARS	South African Revenue Services
VAT	Value Added Tax
SOC	State Owned Company
CTMM	City of Tshwane Metropolitan Municipality

Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is the responsibility of the director to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements . However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the entity's cash flow forecast for the year to 30 June 2014 and, in the light of this review and the current financial position, is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the City of Tshwane Metropolitan Municipality for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the City of Tshwane Metropolitan Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The annual financial statements set out on page 61 to 103, which have been prepared on the going concern basis, were approved by the Board of Directors on 29 August 2013 and were signed on its behalf by

MJ Taetsane
Chief Executive Officer

Report of the directors

The director submits his report for the year ended 30 June 2013.

1. Incorporation

The entity was incorporated on 09 January 1999 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The entity is engaged to develop, prepare, install and maintain water and sanitation services on behalf of the City of Tshwane Metropolitan Municipality, the parent municipality to the residents and businesses in the areas of Garankuwa, Mabopane and Winterveltand.

During the year under review there were no changes in the activities of the the business.

Net deficit of the entity was R 2 874 477 (2012: deficit R 16 609 598).

3. Going concern and undertaking of support

We draw attention to the fact that at 30 June 2013, the entity had accumulated deficits of R (2 487 280) and that the entity's total liabilities exceed its assets by R (2 487 280).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the subordination letter of support referred to in note 31 of these annual financial statement will remain in force.

4. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year.

5. Directors' personal financial interest

The directors have declared that they have no interest in the contracts of the company.

6. Accounting policies

The annual financial statements have been prepared in accordance with the Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and additional disclosure requirements in terms of Municipal Finance Management Act (Act 56 of 2003).

7. Corporate governance

General

The directors are committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the directors supports the highest standards of corporate governance and the ongoing development of best practice.

Report of the directors

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
    - non-executive directors, all of whom are independent directors as defined in the Code; and
    - chief executive officer.

Chair person and chief executive

The Chairperson is a non-executive and independent director (as defined by the Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Remuneration

The remuneration of the Chief Executive Officer, who is the only executive director of the entity, is determined by the parent municipality.

The remuneration of the directors is also determined by the parent municipality.

8. Auditors

Auditor-General South Africa (AGSA) will continue in office for the next financial period.

Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the Municipal Enity has lodged with the Commissioner all such returns as are required of a state owned company in terms of the Companies Act and that all such returns are true, correct and up to date.

Samantha Gramoney
Company Secretary
29 August 2013

Sandspruit Works Association SOC Limited

(Registration number 1999/019160/08)
Trading as ODI Water Services
Audited Annual Financial Statements for the year ended 30 June 2013

Statement of Financial Position as at 30 June 2013

Figures in Rand	Note(s)	2013	2012
Assets			
Current Assets			
Inventories	5	2 770 808	2 516 772
Receivables from exchange transactions	6	15 289 191	12 200 498
Receivables from non-exchange transactions	7	66 159 459	52 737 253
VAT receivable	8	2 965 613	2 974 060
Cash and cash equivalents	9	12 123 433	21 321 342
		99 308 504	**91 749 925**
Non-Current Assets			
Property, plant and equipment	3	9 453 393	11 440 495
Total Assets		**108 761 897**	**103 190 420**
Liabilities			
Current Liabilities			
Operating lease liability	4	85 155	246 827
Trade Payables and Other Payables	11	109 936 230	100 570 781
Unspent conditional grants and receipts	10	1 164 242	1 853 016
		111 185 627	**102 670 624**
Non-Current Liabilities			
Operating lease liability	4	63 550	132 599
Total Liabilities		**111 249 177**	**102 803 223**
Net Assets/ (Liabilities)		**(2 487 280)**	**387 197**
Accumulated surplus/(deficit)		(2 487 280)	387 197

Sandspruit Works Association SOC Limited

(Registration number 1999/019160/08)
Trading as ODI Water Services
Audited Annual Financial Statements for the year ended 30 June 2013

Statement of Financial Performance

Figures in Rand	Note(s)	2013	Restated 2012
Revenue	13	316 107 559	273 056 554
Cost of sales	16	(132 962 550)	(108 457 226)
Gross surplus		**183 145 009**	**164 599 328**
Other income		4 026 129	1 757 672
Operating expenses		(214 159 971)	(204 790 553)
Operating deficit	18	**(26 988 833)**	**(38 433 553)**
Interest Earned	21	24 114 356	21 826 154
Finance costs		-	(2 199)
Deficit for the year		**(2 874 477)**	**(16 609 598)**
Attributable to:			
Owners of the controlling entity		(2 874 477)	(16 609 598)

Sandspruit Works Association SOC Limited
(Registration number 1999/019160/08)
Trading as ODI Water Services
Audited Annual Financial Statements for the year ended 30 June 2013

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus/(deficit)	Total net assets
Balance at 01 July 2011	**16 996 795**	**16 996 795**
Changes in net assets		
Surplus/(Deficit) for the year	(16 609 598)	(16 609 598)
Total changes	(16 609 598)	(16 609 598)
Balance at 01 July 2012	**387 197**	**387 197**
Changes in net assets		
Surplus/(deficit) for the year	(2 874 477)	(2 874 477)
Total changes	(2 874 477)	(2 874 477)
Balance at 30 June 2013	**(2 487 280)**	**(2 487 280)**

Sandspruit Works Association SOC Limited

(Registration number 1999/019160/08)
Trading as ODI Water Services
Audited Annual Financial Statements for the year ended 30 June 2013

Cash Flow Statement

Figures in Rand	Note(s)	2013	2012 Restated
Cash flows from operating activities			
Receipts			
Sale of goods and services		118 994 069	99 041 788
Grants		124 154 618	89 155 271
Interest income		9 073 110	21 826 154
Other receipts		78 760	534 377
		252 300 557	210 557 590
Payments			
Employee costs		(74 049 783)	(70 243 580)
Suppliers		(186 923 095)	(159 719 255)
Finance costs		-	(2 199)
		(260 972 878)	(229 965 034)
Net cash flows from operating activities	23	**(8 672 321)**	**(19 407 444)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(525 588)	(462 073)
Net increase/(decrease) in cash and cash equivalents		**(9 197 909)**	**(19 869 517)**
Cash and cash equivalents at the beginning of the year		21 321 342	41 190 859
Cash and cash equivalents at the end of the year	9	**12 123 433**	**21 321 342**

Sandspruit Works Association SOC Limited

(Registration number 1999/019160/08)
Trading as ODI Water Services
Audited Annual Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sanitation Revenue	37 533 054	-	**37 533 054**	37 316 119	**(216 935)**	
Water Revenue	134 281 930	-	**134 281 930**	129 631 828	**(4 650 102)**	Refer to Note 36
Other Revenue	46 623 300	-	**46 623 300**	37 184 859	**(9 438 441)**	Refer to Note 36
Interest External	290 000	-	**290 000**	558 709	**268 709**	
Interest received - outstanding debtors	23 072 184	-	**23 072 184**	23 555 647	**483 463**	
Total revenue from exchange transactions	**241 800 468**	**-**	**241 800 468**	**228 247 162**	**(13 553 306)**	
Revenue from non-exchange transactions						
Taxation revenue						
Other Revenue	126 905 571	14 623 428	**141 528 999**	141 416 207	**(112 792)**	
Total revenue	**368 706 039**	**14 623 428**	**383 329 467**	**369 663 369**	**(13 666 098)**	
Expenditure						
Personnel	(79 447 000)	(609 188)	**(80 056 188)**	(72 705 769)	**7 350 419**	Refer to Note 36
Remuneration of Board Members	(288 000)	-	**(288 000)**	(290 427)	**(2 427)**	
Depreciation and amortisation	(2 950 000)	-	**(2 950 000)**	(2 258 335)	**691 665**	
Debt impairment	(72 426 336)	-	**(72 426 336)**	(77 303 556)	**(4 877 220)**	Refer to Note 36
Collection costs	(6 135 240)	-	**(6 135 240)**	(4 436 943)	**1 698 297**	
Bulk purchases	(97 259 786)	(9 511 440)	**(106 771 226)**	(111 719 639)	**(4 948 413)**	Refer to Note 36
General Expenses	(110 199 678)	(4 502 800)	**(114 702 478)**	(103 570 221)	**11 132 257**	Refer to Note 36
Total expenditure	**(368 706 040)**	**(14 623 428)**	**(383 329 468)**	**(372 284 890)**	**11 044 578**	
Operating deficit	**(1)**	**-**	**(1)**	**(2 621 520)**	**(2 621 519)**	
Loss on disposal of assets and liabilities	-	-	**-**	(252 956)	**(252 956)**	
Deficit before taxation	**(1)**	**-**	**(1)**	**(2 874 477)**	**(2 874 476)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(1)**	**-**	**(1)**	**(2 874 477)**	**(2 874 476)**	

Sandspruit Works Association SOC Limited
(Registration number 1999/019160/08)
Trading as ODI Water Services
Audited Annual Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	2 415 000	-	**2 415 000**	2 864 307	**449 307**	
Other Debtors	12 530 000	-	**12 530 000**	7 466 852	**(5 063 148)**	
Receivables from exchange transactions	72 674 000	-	**72 674 000**	70 642 155	**(2 031 845)**	
Cash and cash equivalents	30 783 000	-	**30 783 000**	12 123 433	**(18 659 567)**	
	118 402 000	**-**	**118 402 000**	**93 096 747**	**(25 305 253)**	
Non-Current Assets						
Property, plant and equipment	12 548 000	-	**12 548 000**	9 453 391	**(3 094 609)**	
Total Assets	**130 950 000**	**-**	**130 950 000**	**102 550 138**	**(28 399 862)**	
Liabilities						
Current Liabilities						
Other Liabilities	3 100 000	-	**3 100 000**	3 456 282	**356 282**	
Trade Payables and Other Payables	110 996 000	-	**110 996 000**	101 581 136	**(9 414 864)**	
	114 096 000	**-**	**114 096 000**	**105 037 418**	**(9 058 582)**	
Total Liabilities	**114 096 000**	**-**	**114 096 000**	**105 037 418**	**(9 058 582)**	
Net Assets/(Liabilities)	**16 854 000**	**-**	**16 854 000**	**(2 487 280)**	**(19 341 280)**	
Net Assets/ (Liabilities)						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus/(deficit)	16 854 000	-	**16 854 000**	(2 487 280)	**(19 341 280)**	

Sandspruit Works Association SOC Limited

(Registration number 1999/019160/08)
Trading as ODI Water Services
Audited Annual Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	302 084 433	15 976 233	**318 060 666**	243 227 447	**(74 833 219)**	
Interest income	22 147 787	-	**22 147 787**	9 073 110	**(13 074 677)**	
	324 232 220	**15 976 233**	**340 208 453**	**252 300 557**	**(87 907 896)**	
Payments						
Suppliers and Employee costs	(323 232 220)	-	**(323 232 220)**	(260 972 878)	**62 259 342**	
Finance costs	-	(15 976 233)	**(15 976 233)**	-	**15 976 233**	
	(323 232 220)	**(15 976 233)**	**(339 208 453)**	**(260 972 878)**	**78 235 575**	
Net cash flows from operating activities	**1 000 000**	**-**	**1 000 000**	**(8 672 321)**	**(9 672 321)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(3 200 000)	-	**(3 200 000)**	(525 588)	**2 674 412**	
Cash flows from financing activities						
Increase(Decrease) in Consumer deposits	200 000	-	**200 000**	-	**(200 000)**	
Net cash flows from financing activities	**200 000**	**-**	**200 000**	**-**	**(200 000)**	
Net increase/(decrease) in cash and cash equivalents	(2 000 000)	-	**(2 000 000)**	(9 197 909)	**(7 197 909)**	
Cash and cash equivalents at the beginning of the year	32 783 000	-	**32 783 000**	21 321 342	**(11 461 658)**	
Cash and cash equivalents at the end of the year	**30 783 000**	**-**	**30 783 000**	**12 123 433**	**(18 659 567)**	

Accounting Policies

1. Presentation of Audited Annual Financial Statements

The annual financial statements have been prepared in accordance with the Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and additional disclosure requirements in terms of Municipal Finance Management Act (MFMA).

In terms of GRAP, in the absence of a standard or pronouncement comprising the GRAP financial reporting frameworks that specifically applies to a transaction, other event or condition, management should apply judgement and may consider the following pronouncements, in descending order, in developing an accounting policy for such a transaction, event or condition.

- Statements of GRAP that have been issued, but are not yet effective
- International Public Sector Accounting Standards (IPSAS)
- International Financial Reporting Standards (IFRS)

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. These financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The annual financial statements are presented in South African Rand which is the company's functional currency.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below. These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Accounting Policies

1.1 Property, plant and equipment (continued)

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset at the disposal date and is recognised in surplus or deficit.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Average useful life**
Buildings	30 - 50 Years
Plant and machinery	10 Years
Furniture and fixtures	5 Years
Motor vehicles	5 Years
IT equipment	3 Years

1.2 Intangible assets

An asset is identified as an intangible asset when it:
- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Initial computer software costs are recorded as intangible assets at cost. Computer software is lecensed to the computer on which it is installed and cannot be resold. Therefore, it is deemed that compuetr software has no residual value. Yearly maintenance and update fees are payable for software used. These fees are accounted for as expenses as and when it becomes payable. In light of the annual fees payable, initial software costs are amortised on a straight line basis over 3 years.

Computer sotware is capitalised to computer equipment where it forms an integral part of the equipment. Where the software does not form an integral part of the equipment, it is separately recognised as an intangible asset.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	**Useful life**
Computer software	3 Years

Accounting Policies

1.3 Financial instruments

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and Cash equivalents	Financial asset measured at amortised cost
Trade Receivables	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade Payables	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Accounting Policies

1.3 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Gains and losses

For financial assets and financial liabilities measured at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Accounting Policies

1.3 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

Accounting Policies

1.3 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.4 Tax

Tax expenses

The entity is exempt from tax in terms of section 10(1)cA(ii) of the Income Tax Act, 1962 (Act 58 of 1962).

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This lease liability or asset is not discounted. (Refer to note 23).

1.6 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost of net realisable value.

Raw Materials and components are valued at lower of cost or net realisable value. In general, the basis of determing cost is the weighted average method.

Water stock is measured at the lower of cost or net realisable value on the first-in-first-out basis.

Redundant and slow moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Accounting Policies

1.6 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Stock items are considered obsolete or redundant if there has not been a movement for more than 550 days.

1.7 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:
- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

1.8 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

1.8 Impairment of non-cash-generating assets (continued)

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset’s fair value less costs to sell and its value in use.

Useful life is either:

(a) the period of time over which an asset is expected to be used by the entity; or
(b) the number of production or similar units expected to be obtained from the asset by the entity.

Accounting Policies

1.8 Impairment of non-cash-generating assets (continued)

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.
The entity asses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential. The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset’s gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an “optimised” basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.
When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

Reversal of an impairment loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset’s recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Accounting Policies

1.8 Impairment of non-cash-generating assets (continued)

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.
After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cashgenerating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

The entity has a defined contribution plan registered with Alexander Forbes Retirement Fund (Fund Registration number 12/8/34766).

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.10 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

Accounting Policies

1.10 Provisions and contingencies (continued)

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

1.11 Revenue from exchange transactions

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service for goods and services and is recognised at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity., and excludes value added tax.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, recovery of the consideration is considered probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of VAT, trade discounts and volume rebates.

Service charges

Service charges are based on consumption. Meters are read and billed on a monthly basis and revenue is recognised when invoiced. Estimates of consumptions are made monthly when meter readings are not available. The estimates of consumption are recognised as revenue when invoiced. Adjustments to estimates of consumption are made in the period when meters have been read. These adjustments are recognised as revenue in the invoicing period.

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Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Accounting Policies

1.11 Revenue from exchange transactions (continued)

Interest

Interest is recognised on a time proportion bases, in surplus or deficit, using the effective interest rate method.

1.12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Operational subsidy

Operational Losses are invoiced to City of Tshwane Mtropolitan Municipality on a monthly basis limited to budgted amount as approved for the financial year. The operational subsidy is recognised as income on the invoice date.

Government Grants

Government grants are recognised as revenue when:

it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; the amount of the revenue can be measured reliably; and to the extent that there has been compliance with any restrictions associated with the grant.

1.13 Comparative figures

When the presentation or classification of items in the annual financial statement is amended, prior period comparative amounts are reclassified. The nature and reason of the recalssification is disclosed.

When accounting errors have been identified in the current financial year, the correction is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly.

The comparative figures (accounting policy and disclosure) may not be consistent with the current year accounting policies and disclosures due to the implementation of the new GRAP standards.

1.14 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Accounting Policies

1.15 Irregular expenditure (continued)

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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1.16 Use of estimates

The preparation of audited annual financial statements in conformity with Statements of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies relevant to reported amount of assets and liabilities, revenue and expenses. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the audited annual financial statements are disclosed in the relevant sections of the audited annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.17 Budget information

Municipal entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipal entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.18 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

All related party transactions and balances not in the ordinary course of business are disclosed. However, due to the significance of transactions and balances with the parent municipality, these items warrant separate disclosure irrespective of whether they are at arms length or not.

Notes to the Audited Annual Financial Statements

Figures in Rand	2013	2012

Notes to the Audited Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 21 – Impairment of non- cash-generating assets
The objective of this Standard is to prescribe the procedures that an entity applies to determine whether a non-cash-generating asset is impaired and to ensure that impairment losses are recognised. The Standard also specifies when an entity would reverse an impairment loss and prescribes disclosures.

This standard is effective for financial years commencing on or after 1 April 2012.

The entity has adopted the standard for the first time in the 2013 financial statements.

The adoption of this standard did not have a material impact on the results of the entity.

GRAP 23 – Revenue from non-exchange transactions
The objective of this Standard is to prescribe requirements for the financial reporting of revenue arising from non-exchange transactions, other than non-exchange transactions that give rise to an entity combination. The Standard deals with issues that need to be considered in recognising and measuring revenue from non-exchange transactions, including the identification of contributions from owners.

This standard is effective for financial years commencing on or after 1 April 2012.

The entity has adopted the standdard for the first time in the 2013 financial statements.

The impact of the standard is set out in note Prior period restatement as it has to be implemented retrospectively.

GRAP 24 – Presentation of budget information in financial statements
This Standard requires a comparison of budget amounts and the actual amounts arising from execution of the budget to be included in the financial statements of entities that are required to, or elect to, make publicly available their approved budget(s) and for which they are, therefore, held publicly accountable. The Standard also requires disclosure of an explanation of the reasons for material differences between the budget and actual amounts. Compliance with the requirements of this Standard will ensure that entities discharge their accountability obligations and enhance the transparency of their financial statements by demonstrating compliance with the approved budget(s) for which they are held publicly accountable and, where the budget(s) and the financial statements are prepared on the same basis, their financial performance in achieving the budgeted results.

This standard is effective for financial years commencing on or after 1 April 2012.

The entity has adopted the standdard for the first time in the 2013 financial statements.

The adoption of this standard did not have a material impact on the results of the entity, but resulted in more disclosure than would have previously been provided in the financial statements.

GRAP 26 – Impairment of cash-generating assets
The objective of this Standard is to prescribe the procedures that an entity applies to determine whether a cash-generating asset is impaired and to ensure that impairment losses are recognised. The Standard also specifies when an entity should reverse an impairment loss and prescribes disclosures.

This standard is effective for financial years commencing on or after 1 April 2012.

The entity has adopted the standdard for the first time in the 2013 financial statements.

The adoption of this standard did not have a material impact on the results of the entity.

GRAP 104 – Financial Instruments
The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial

Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued)
instruments.

This standard is effective for financial years commencing on or after 1 April 2012.

The entity has adopted the standdard for the first time in the 2013 financial statements.

The adoption of this standard did not have a material impact on the results of the entity, but resulted in more disclosure than would have previously been provided in the financial statements.

Standards not relevant to SWA:

GRAP 103 – Heritage Assets
The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

This standard is effective for financial years commencing on or after 1 April 2012.

Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued)

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2013 or later periods:

GRAP 18 – Segment Reporting
The objective of this Standard is to establish principles for reporting financial information by segments.

No effective date has been determined by the Minister of Finance.

The effective date of the standard is for years commencing on or after 01 April 2013.

The entity expects to adopt the standard for the first time in the 2014 financial statements.

The adoption of this standard is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the financial statements.

GRAP 20 – Related Party Disclosures
The objective of this Standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

No effective date has been determined by the Minister of Finance.

The entity expects to adopt the standard for the first time in the 2014 financial statements.

The adoption of this standard is not expected to impact on the results of the entity, but may result in more disclosure than is currentlyt provided in the financial statements.

GRAP 25- Employee benefits
The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. The Standard requires an entity to recognise:
(a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
(b) an expense when the entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

This standard is effective for financial years commencing on or after 1 April 2013.

The entity expects to adopt the standard for the first time in the 2014 financial statements.

The adoption of this standard is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the financial statements.

GRAP 105 – Transfer of functions between entities under common control
The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.

No effective date has been determined by the Minister of Finance.

The entity expects the standard to not have any impact on the 2014 financial statements.

GRAP 106- Transfer of functions between entities not under common control
The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.

No effective date has been determined by the Minister of Finance.

The entity expects the standard to not have any impact on the 2014 financial statements.

Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 107 – Mergers
The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.

No effective date has been determined by the Minister of Finance.

The entity expects the standard to not have any impact on the 2014 financial statements.

Interpretations not yet effective

IGRAP 1 – Applying the probability test on initial recognition of revenue
This Interpretation of the Standards of GRAP provides guidance on how an entity applies the probability test on initial recognition of revenue where credit is extended for the settlement of an exchange or non-exchange revenue transaction and uncertainty exists about the entity's ability to collect such revenue based on past history or because discretion about collectability is exercised subsequently.

This interpretation shall apply for annual financial statements covering periods beginning on or after 1 April 2013.

The entity expects to adopt the amendment for the first time in the 2014 financial statements.

The adoption of this amendment is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the financial statements.

IGRAP 7 – The limit on a defined benefit asset, minimum funding requirements and their interaction
This Interpretation of the Standards of GRAP applies to all post-employment defined benefits and other long-term employee defined benefits. For the purpose of this Interpretation of the Standards of GRAP, minimum funding requirements are any requirements to fund a post-employment or other long-term defined benefit plan.

This interpretation shall apply in conjunction with the effective date of GRAP 25 for annual financial statements covering periods beginning on or after 1 April 2013.

The entity expects the standard to not have any impact on the 2014 financial statements.

IGRAP 11 – Consolidation – special purpose entities
This interpretation provides guidance on when a special purpose entity should be consolidated.

This interpretation becomes effective by date determined by the Minister of Finance.

The entity expects the standard to not have any impact on the financial statements.

IGRAP 12 – Jointly controlled entities – non-monetary contributions by venturers
This Interpretation of the Standards of GRAP deals with the venturer's accounting for non-monetary contributions to a JCE in exchange for an interest in the net assets in the JCE that is accounted for using either the equity method or proportionate consolidation.

This interpretation becomes effective by date determined by the Minister of Finance.

This interpretation provides guidance on the internal expenditure on the development and operation of an entities own website for internal or external access.

This interpretation shall apply for annual financial statements covering periods beginning on or after 1 April 2013.

The entity expects the standard to not have any impact on the financial statements.

GRAP 9 (as revised 2012): Revenue from Exchange Transactions
Paragraphs .11 and .13 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to the Scope and Definitions.

Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued)

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The entity expects to adopt the amendment for the first time in the 2014 financial statements.

The adoption of this amendment is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the financial statements.

GRAP 12 (as revised 2012): Inventories
Paragraph .30 was amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Measurement after recognition.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The entity expects to adopt the amendment for the first time in the 2014 financial statements.

The adoption of this amendment is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the financial statements.

GRAP 13 (as revised 2012): Leases
Paragraphs .38 and .42 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Disclosures.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The entity expects to adopt the amendment for the first time in the 2014 financial statements.

The adoption of this amendment is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the financial statements

The aggregate impact of the initial application of the statements and interpretations on the entity's audited annual financial statements is expected to be as follows:

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3. Property, plant and equipment

	2013			2012		
	Cost	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Buildings	7 383 244	(2 514 756)	4 868 488	7 834 570	(2 349 159)	5 485 411
Plant and machinery	12 679 316	(9 012 286)	3 667 030	12 650 780	(7 765 781)	4 884 999
Furniture and fixtures	1 593 015	(1 205 057)	387 958	1 762 934	(1 310 297)	452 637
Motor vehicles	4 117 967	(3 934 206)	183 761	4 435 426	(4 067 915)	367 511
IT equipment	2 682 833	(2 336 677)	346 156	3 367 018	(3 117 081)	249 937
Total	**28 456 375**	**(19 002 982)**	**9 453 393**	**30 050 728**	**(18 610 233)**	**11 440 495**

Reconciliation of property, plant and equipment - 2013

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Impairment loss**	**Total**
Buildings	5 485 411	-	(223 159)	(393 764)	-	4 868 488
Plant and machinery	4 884 999	64 262	(751)	(1 281 480)	-	3 667 030
Furniture and fixtures	452 637	150 444	(24 030)	(191 093)	-	387 958
Motor vehicles	367 511	-	-	(183 750)	-	183 761
IT equipment	249 937	310 882	(5 014)	(208 247)	(1 402)	346 156
	11 440 495	**525 588**	**(252 954)**	**(2 258 334)**	**(1 402)**	**9 453 393**

Reconciliation of property, plant and equipment - 2012

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Buildings	5 861 181	21 938	-	(397 708)	5 485 411
Plant and machinery	6 225 464	63 288	-	(1 403 753)	4 884 999
Furniture and fixtures	407 390	209 437	-	(164 190)	452 637
Motor vehicles	764 303	-	-	(396 792)	367 511
IT equipment	386 375	167 410	(2)	(303 846)	249 937
	13 644 713	**462 073**	**(2)**	**(2 666 289)**	**11 440 495**

During the current year certain laptops and computer equipment to the net book value of R 1 402 were impaired.

4. Operating lease asset (accrual)

	2013	2012
Non-current liabilities	(63 550)	(132 599)
Current liabilities	(85 155)	(246 827)
	(148 705)	**(379 426)**

Operating Lease assets/(accrual) relates to leased buildings and or offices during the year ending 30 June 2013.

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5. Inventories

Raw materials, components	2 212 648	2 090 363
Water Stock	651 659	515 209
	2 864 307	2 605 572
Obsolete Inventory Items	(93 499)	(88 800)
	2 770 808	**2 516 772**
Carrying value of inventories net realisable value	651 659	515 209
Inventories recognised as an expense during the year	111 719 639	92 052 639

Inventory consists of water stock, spares and consumables which will be utilised by the entity in their daily business operations.

Raw materials and spare parts that have not moved for 550 days are considered obsolete/ redundant and are written off.

6. Receivables from exchange transactions

Trade debtors	382 592 056	343 139 615
Madibeng Municipality	21 940 518	27 940 518
VAT on Debtors	(2 043 486)	(1 674 823)
Provision for Impairment: Consumer Debtors	(366 143 311)	(331 073 798)
Other Receivables	883 932	309 504
Provision for Impairment: Madibeng Municipality	(21 940 518)	(26 440 518)
	15 289 191	**12 200 498**

Other Receivables comprise of:	2013	2012
Prepaid Insurance	537 851	-
Rental Deposits	160 517	160 517
Sundry Debtors	185 564	148 987
	883 932	**309 504**

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates:

Credit quality of trade and other receivables		
Trade Debtors	14 428 723	10 584 050
Other Receivables	860 468	300 658
Madibeng Municipality	-	1 315 790
	15 289 191	**12 200 498**

Trade and other receivables past due but not impaired

Trade and other receivables which are more than 1 month past due are not considered to be impaired. At 30 June 2013, R 8 391 007 (2012: R 9 437 904) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	901 962	990 009
2 months past due	685 828	720 665
3 months past due	6 803 217	7 727 230

Notes to the Audited Annual Financial Statements

Figures in Rand	2013	2012

6. Receivables from exchange transactions (continued)

Trade and other receivables impaired

As of 30 June 2013, trade and other receivables of R 77 303 556 (2012: R 82 730 321) were impaired and provided for.

The amount of the provision was R 388 083 828 as of 30 June 2013 (2012: R 357 514 315).

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(357 514 316)	(301 033 922)
Provision for impairment	(86 020 279)	(92 262 684)
Amounts written off as uncollectible	50 950 767	35 782 290
Bad Debt Recovered: Madibeng Municipality	4 500 000	-
	(388 083 828)	**(357 514 316)**

The creation and release of provision for impaired receivables have been included in other income in the statement of financial performance.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The entity does not hold any collateral as security.

7. Receivables from non-exchange transactions

Government grants and subsidies	75 421 783	60 120 469
Provision for VAT: Other Receivables	(9 262 324)	(7 383 216)
	66 159 459	**52 737 253**

Credit quality of receivables from non-exchange transactions

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates:

Receivables from non-exchange transactions

City of Tshwane Metropolitan Municipality: Operational Losses	59 579 857	47 559 932
City of Tshwane Metropolitan Municipality - Waste Water Treatment Works	6 579 602	5 177 321
	66 159 459	**52 737 253**

8. VAT receivable

VAT	2 965 613	2 974 060

VAT is payable on a cash basis. Only once payment is received from debtors is VAT paid over to SARS.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	8 900	8 900
Bank balances	12 114 533	21 312 442
	12 123 433	**21 321 342**

Notes to the Audited Annual Financial Statements

Figures in Rand	2013	2012

9. Cash and cash equivalents (continued)

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2013	**30 June 2012**	**30 June 2011**	**30 June 2013**	**30 June 2012**	**30 June 2011**
ODI 32250738 - Standard Bank Current Account	7 336 707	2 205 649	22 150 482	7 189 506	1 572 856	21 890 068
ODI 31906842 - Standard Bank Salary Account	166 095	128 192	67 536	166 096	128 192	67 536
ODI 738717959 - Standard Bank Call Account	3 896 360	18 508 342	16 827 485	3 896 360	18 508 342	16 827 485
SWA 40 5113 9634 - ABSA Current Account	706 559	954 575	2 256 070	706 559	954 575	2 256 070
SWA 90 7418 5817 - ABSA Money Market Account	156 627	148 477	140 800	156 012	148 477	140 800
Total	**12 262 348**	**21 945 235**	**41 442 373**	**12 114 533**	**21 312 442**	**41 181 959**

10. Unspent conditional grants and receipts

Deferred Income consists of income grants to use in the following projects. These funds will be utilised in the following financial year.

Unspent conditional grants and receipts comprises of:

	2013	2012
Unspent conditional grants and receipts		
New Meter and repeat offenders project	749 916	1 719 916
Housing Project	414 326	133 100
	1 164 242	**1 853 016**

Movement during the year

	2013	2012
Balance at the beginning of the year	1 853 016	2 291 501
Additions during the year	1 800 255	704 934
Income recognition during the year:	-	-
New Meter and repeat offenders project	(970 000)	-
Housing Project	(1 519 029)	(1 143 419)
	1 164 242	**1 853 016**

11. Trade Payables and Other Payables

	2013	2012
Trade payables	42 979 893	43 704 582
Salary Control Account	1 086 496	893 045
Client Water Deposits	3 493 676	3 084 553
Accrued leave pay	4 390 609	5 042 043
Accrued bonus	1 578 658	1 610 788
Accrual for Water Purchases	61 688 774	52 035 940
Other payables	3 447 553	1 596 541
Provision for VAT on Payables	(8 729 429)	(7 396 711)
	109 936 230	**100 570 781**

All current liabilities will be settled within 12 months. Suppliers are paid within 30 days from Invoice date.

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Figures in Rand	2013	2012

12. Financial instruments disclosure

Categories of financial instruments

2013

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	14 428 723	14 428 723
Other receivables	860 468	860 468
City of Tshwane Municipality	59 579 857	59 579 857
City of Tshwane Municipality - Waste Water Treatment Works	6 579 602	6 579 602
Cash and cash equivalents	12 123 433	12 123 433
	93 572 083	**93 572 083**

Financial liabilities

	At amortised cost	Total
Operating Lease Accrual	148 705	148 705
Trade and other payables from exchange transactions	109 936 230	109 936 230
Unspent conditional grants and receipts	1 164 242	1 164 242
	111 249 177	**111 249 177**

2012

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	10 584 050	10 584 050
Other receivables	300 658	300 658
Madibeng Municipality	1 315 790	1 315 790
City of Tshwane Municipality	47 559 932	47 559 932
City of Tshwane Municipality - Waste Water Treatment Works	5 177 321	5 177 321
Cash and cash equivalents	21 321 342	21 321 342
	86 259 093	**86 259 093**

Financial liabilities

	At amortised cost	Total
Operating Lease accrual	379 426	379 426
Trade and other payables from exchange transactions	100 570 781	100 570 781
Unspent Conditional Grants	1 853 016	1 853 016
	102 803 223	**102 803 223**

13. Revenue

Waste Water Income	36 431 229	32 960 942
Water Income	145 302 042	137 531 437
	181 733 271	**170 492 379**

Notes to the Audited Annual Financial Statements

Figures in Rand	2013	2012

13. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Waste Water Income	36 431 229	32 960 942
Water Income	145 302 042	137 531 437
	181 733 271	**170 492 379**

The amount included in revenue arising from non-exchange transactions is as follows:
Revenue from non-exchnage transactions
Transfer revenue

Government grants & subsidies	134 374 288	102 564 175

14. Government grants and subsidies

Operational Losses Subsidy	132 147 288	98 379 175
Operations and Maintenance Water Reticulation Grant - Department of Water Affairs	2 227 000	4 185 000
	134 374 288	**102 564 175**

Government Grants

Included in above are the following grants and subsidies received:

Current year receipts	2 227 000	4 185 000
Conditions met - transferred to revenue	(2 227 000)	(4 185 000)
	-	-

15. Other Income

Other Income	4 026 129	614 253
Project Income	-	1 143 419
	4 026 129	**1 757 672**

Other Income comprise of:

Sundry Income	78 760	614 253
Bad Debt Recovered	3 947 369	-
Sundry Income - Projects	-	1 143 419
	4 026 129	**1 757 672**

16. Cost of sales

Bulk Purchases	111 719 639	92 052 639
Sewer Purification Costs	12 503 524	8 298 968
Water and Electricity	8 739 387	8 105 619
	132 962 550	**108 457 226**

Notes to the Audited Annual Financial Statements

Figures in Rand	2013	2012

17. General expenses

Accounting fees	138 190	136 562
Advertising	1 041 656	653 550
Assessment rates & municipal charges	91 021	169 382
Auditors remuneration	1 611 146	1 065 802
Bank charges	338 600	315 788
Cleaning	1 138 055	1 100 736
Computer expenses	74 016	171 994
Consulting and professional fees	3 270 313	2 145 914
Consumables	3 407	-
Delivery expenses	20 873	23 579
Donations	-	19 000
Entertainment	333 649	390 047
Gifts	-	105 438
Insurance	1 004 514	985 899
Lease rentals on operating lease	4 909 369	5 335 709
Motor vehicle expenses	1 426 473	1 216 145
Postage and courier	15 434	2 212
Printing and stationery	585 973	344 288
Protective clothing	286 533	454 926
Security (Guarding of municipal property)	7 322 979	4 604 313
Staff welfare	307 873	393 611
Subscriptions and membership fees	11 264	10 957
Telephone and fax	1 460 548	1 282 617
Training	559 599	308 897
Travel - local	72 703	53 467
Electricity	536 909	280 423
Garden Services	687 411	615 131
Board Fees	257 136	175 320
Employees Team Building	-	140 387
Indigents Rebate	12 722 957	11 174 950
Billing charges	4 436 943	4 555 115
Other expenses	6 183 550	6 455 881
	50 849 094	**44 688 040**

18. Operating deficit

Operating deficit for the year is stated after accounting for the following:

Operating lease and Rental Charges		
Premises		
• Contractual amounts	2 068 720	2 217 121
Motor vehicles		
• Contractual amounts	1 279 680	1 634 483
Equipment		
• Contractual amounts	187 910	364 776
Plant and equipment		
• Contingent amounts	1 373 059	1 119 329
	4 909 369	**5 335 709**

Loss on sale of property, plant and equipment	(252 957)	(2)
Depreciation on property, plant and equipment	2 258 335	2 666 289
Employee costs	73 559 670	72 144 525
Consulting and Professional Services	3 120 444	2 015 273
Inventory write-down	93 499	88 800

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19. Employee related costs

Basic	52 195 615	50 856 084
Bonus	3 242 548	3 316 001
Medical aid - company contributions	7 020 396	6 340 880
Unemployment Insurance Fund	398 256	368 000
Skills Development Levy	635 330	578 217
Other payroll levies	613 556	44 592
Leave pay provision charge	783 260	2 509 004
Group Life Insurance	3 250 642	3 082 838
Housing Bond Subsidies	755 642	600 755
Company Contribution - Provident Fund	4 664 425	4 448 154
	73 559 670	**72 144 525**

20. Debt impairment

Debt impairment	77 303 556	82 730 321

21. Interest Received

Interest revenue		
Interest from Bank	558 709	748 284
Interest charged on trade and other receivables	23 555 647	21 077 870
	24 114 356	**21 826 154**

22. Auditors' remuneration

Fees	532 036	1 054 747
Adjustment for previous year	1 079 110	-
Expenses	-	11 055
	1 611 146	**1 065 802**

23. Cash used in operations

Deficit	(2 874 477)	(16 609 598)
Adjustments for:		
Depreciation and amortisation	2 258 335	2 666 289
Loss on disposal of assets	252 958	2
Debt impairment	77 303 556	82 730 321
Movements in operating lease assets and accruals	(230 721)	134 334
Impairment Loss	1 402	-
Changes in working capital:		
Inventories	(254 036)	(412 456)
Receivables from exchange transactions	(2 919 102)	(2 913 986)
Other receivables from non-exchange transactions	(13 591 797)	-
Consumer debtors	(77 303 556)	(82 730 321)
Trade Payables and Other Payables	9 365 444	3 160 416
VAT	8 447	(4 993 960)
Unspent conditional grants and receipts	(688 774)	(438 485)
	(8 672 321)	**(19 407 444)**

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24. Commitments

Commitments

Minimum payments due		
- within one year	11 485 135	2 490 636
- in second to fifth year inclusive	12 569 577	1 566 165
	24 054 712	**4 056 801**

Operating lease payments represent rentals payable by the entity for certain of its office properties and equipment. Leases are negotiated for terms varying between three and seven years. No contingent rent is payable.

Included in the commitments above are multi-year contracts that Sandspruit Works Association has a financial commitment.

25. Contingencies

None identified.

26. Related parties

Relationships

Parent Municipality	City of Tshwane Metropolitan Municipality

Related party balances

CTMM Operating Loss Account	6 232 263	2 140 761
CTMM Sanitation Losses	(34 298 530)	(34 298 530)
CTMM Waste Water Treatment Works	7 500 745	5 902 146
CTMM Water Accounts	908 326	491 752

Related party transactions

Sales to CTMM	94 688 898	(84 139 081)
Subsidy Received from CTMM	(132 147 287)	(98 379 175)
Water Purchases from CTMM	112 082 369	91 993 276
Department of Water Affairs Subsidy received via CTMM	2 227 000	(4 185 000)
Electricity Purchases from CTMM	2 591 529	2 575 111

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27. Board Members and Executive Managers Emoluments

Executive Director and Managers

2013

	Salary or Fee	Bonuses and Performance related payments	Medical and Retirement fund contributions	Expense Allowance	Total
Executive Director:	-	-	-	-	-
MJ Taetsane	1 162 200	118 720	-	173 769	1 454 689
	-	-	-	-	-
Executive Managers:	-	-	-	-	-
Chief Financial Officer	610 270	37 688	150 495	63 808	862 261
Human Resources Manager	424 883	30 335	45 825	16 494	517 537
Operations Manager	610 743	38 185	158 997	134 043	941 968
Marketing and Communications Manager	646 708	35 160	103 547	43 015	828 430
Legal Manager	614 971	35 160	106 105	89 101	845 337
	4 069 775	**295 248**	**564 969**	**520 230**	**5 450 222**

2012

	Salary or Fee	Bonuses and Performance related payments	Medical and Retirement fund contributions	Expense Allowance	Total
Executive Directors					
MJ Taetsane	1 042 660	-	-	112 812	1 155 472
Executive Managers					
Chief Financial Officer	560 778	35 059	138 724	67 182	801 743
Human Resources Manager	579 651	33 863	128 256	33 684	775 454
Operations Manager	600 026	35 521	144 689	58 633	838 869
Marketing and Communications Manager	553 537	31 735	93 114	33 841	712 227
Legal Manager	522 326	30 660	100 240	43 381	696 607
	3 858 978	**166 838**	**605 023**	**349 533**	**4 980 372**

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Figures in Rand	2013	2012

27. Board Members and Executive Managers Emoluments (continued)

Non-executive Directors

2013

	Board Fees	Total
ME Makgato	5 844	5 844
Adv K-D Garlip	46 752	46 752
CV Maboka	58 440	58 440
KA Eales	40 908	40 908
LN Bokaba	64 284	64 284
T Moromane	40 908	40 908
	257 136	**257 136**

2012

KH Sekhokho	52 596	52 596
M Dooms	58 440	58 440
ME Makgato	64 284	64 284
	175 320	**175 320**

28. Prior period restatements

Due to the adoption of GRAP 23, certain prior year amount had to be restated as the standard had to be applied retrospective. The amount of R 4 185 000 which related to Grant and an amount of R 98 379 175 relating to Operational Losses subsidy received the City of Tshwane Metropolitan had to be reclassified from Other Income into Revenue from Non Exhange transactions and are included in the total revenue amount. The impact is listed below:

Statement of Financial Performance		
Other Income as previously reported	-	(5 952 672)
Other Income as a result of restatement	-	(1 757 672)
Operational Loss Subsidy Included in Other Income as previously reported	-	(98 379 175)

29. Comparative figures

Certain comparative figures have been reclassified.

In the prior year an amount amounting to R 19 639 575.98 which relates to Authority Billing was incorrectly included as part cost of sales. This amount is raised as revenue and wiritten off immediately and included as part of Operational loss subsidy which is claimable from the City of Tshwane Metropolitan Municipality.

The effects of the reclassification are as follows:

Statement of Financial Performance		
Reclassification in Revenue		
Revenue as previously reported in prior year	-	190 131 955
Reclassification: Authority Billing	-	(19 639 575)
Restated Revenue amount in prior year	-	170 492 380
Reclassification in cost of sales		
Cost of Sales as previously reported in prior year	-	(128 096 802)
Reclassification: Authority Billing	-	19 639 575
Restated Cost of Sales amount in the prior year	-	(108 457 227)

Notes to the Audited Annual Financial Statements

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30. Risk management

Financial risk management

The entity’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The entity’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity’s financial performance. The directors provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk.

Liquidity risk

The entity’s risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

Cash flow forecasts are prepared monthly and monitored adequately.

The table below analyses the entity’s financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 30 June 2013	Due in less than a year	Due in one to two years
Trade and Other Payables	109 936 230	-
Deferred Income	1 164 242	-
Lease Liabilities	85 155	63 550
	111 185 627	**63 550**

As at June 2012	Due in less than one year	Due in one to two years
Trade and Other Payables	100 570 781	-
Deferred Income	1 853 016	-
Lease Liabilities	246 827	132 599
	102 670 624	**132 599**

Notes to the Audited Annual Financial Statements

Figures in Rand	2013	2012

30. Risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the entity when the customer or counterparty to the financial instrument fails to meet its contractual obligations and arises principally from the entity's receivables from customers.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise residential, government and commercial consumers. Management evaluated credit risk relating to customers on an ongoing basis. Since our customers are not independently rated, credit control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales to retail customers are settled in cash or using major credit cards.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to the credit risk as the reporting date was as follows:

Financial instrument	**2013**	**2012**
Trade receivables	14 428 723	10 584 050
City of Tshwane Metropolitan Municipality	59 579 857	47 559 932
City of Tshwane Metropolitan Municipality - Waste Water Treatment Works	6 579 603	5 177 321
Other Receivables	860 468	300 658
Madibeng Municipality	-	1 315 790
ABSA Bank	862 571	1 103 052
Standard Bank	11 251 961	20 209 390

Market risk

Interest rate risk

As the entity has no significant interest-bearing assets, the entity’s income and operating cash flows are substantially independent of changes in market interest rates.

31. Going concern

We draw attention to the fact that at 30 June 2013, the entity had accumulated deficits of R (2 487 280) and that the entity's total liabilities exceed its assets by R (2 487 280). Agreement has been entered into between the Sandspruit Works Association and City of Tshwane Metropolitan Municipality (CTMM), to subordinate the amount of R 34 298 530 owing to CTMM. The subordination agreement from the City of Tshwane Metropolitan Municipality (parent municipality) will remain in force for as long as the liabilities of the entiy exceed their assets, fairly valued.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the entity and that the entity is also supported financially by the parent municpality.

32. Events after the reporting date

The Accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

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33. Fruitless and wasteful expenditure

Development of Demand Management Policy	197 600	-
Distribution of Water Interruption pamphlets	33 000	-
Occupational Health and Safety awareness	191 835	-
Printing and distribution of water interruption pamphlets	192 000	-
Repairs to eastern reservoir	48 728	-
Website design and development of corporate identity	196 879	-
	860 042	**-**

The above amounts charged are considered excessive in relation to the value of the services received (value for money) and also due to the fact that certain services could have been performed internally to avoid incurring uncessary and unwarranted expenditures. To date, no disciplinary or criminal charges have been taken. The matters are still under investigation. Currently, measures have been put in place to detect and prevent fruitless and wasteful expenditure.

No fruitless and wasteful expedniture were identified in the 2011/2012 financial year.

34. Irregular expenditure

Opening balance	7 262 635	-
Add: Irregular Expenditure - current year	3 230 486	-
Amount identified in current year relating to prior year: Billing Expenditure	-	2 950 440
Billing expenditure	-	2 976 046
Design of valve chambers for installation of Bulk Water meter	-	268 094
Analyse pressure and design system and prepare billing quantity	-	349 570
Other Irregular expenditures	-	718 485
	10 493 121	**7 262 635**

Analysis of expenditure awaiting condonation per age classification

Current year	3 230 486	7 262 635
Prior years	7 262 635	-
	10 493 121	**7 262 635**

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Accomodation for meeting and lunch costs	Matter is still under investigation	14 429
Investigation of Water supply and reticulation	Matter is still under investigation	383 470
Replacement and upgrading of existing AGB Water Meter Boxes	Matter is still under investigation	145 464
Operations and Maintenance project - DWA Funding	Matter is still under investigation	2 280 000
Purchase of Four Data collectors and threee field service terminal	Matter is still under investigation	35 332
Repairing and Manufacturing of overflow pipe and 11 meter step ladder	Matter is still under investigation	9 870
Bedding and backfilling of a UPVC pipe	Matter is still under investigation	52 000
Collecting water stands, assemble, weld and paint	Matter is still under investigation	26 730
Fumigation service	Matter is still under investigation	17 940
Short Neck Repair of fire hydrants	Matter is still under investigation	80 500
Other Irregular expenditures	Matters are still under investigation	184 751
		3 230 486

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35. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net deficit per the statement of financial performance	(2 874 477)	(16 609 598)
Adjusted for:		
Over budgeted on Sanitation Revenue	216 935	-
Over budgeted on Water Revenue	4 650 102	-
Over budgeted on Watse Water Revenue	9 438 441	-
Over budgeted on Revenue	-	10 834 087
Over budgeted on Other Income	112 792	8 565 098
Interest on Debtors	(483 463)	-
Over budgeted on interest received	(268 709)	321 633
(Over)/ under budgeted on personnel expenses	(7 350 419)	(1 016 287)
Remuneration of board memebrs	2 427	-
Over)/ under budgeted on depreciation and amortisation	(691 665)	(283 711)
Under budgeted on interest paid	-	2 199
(Over)/ under budgeted on Collection costs	(1 698 297)	-
(Over)/ under budgeted on debt impairment	4 877 220	12 133 321
Under/ (over) budgeted on workshops and conferences	-	24 377
Under budgeted on repairs and maintenance	-	(16 814 173)
Under budgetd on deficit on disposal of property, plant and equipment	-	2
(Over)/ under budgeted on general expenses	(11 132 257)	1 699 633
(Over)/ under budgeted on Bulk Purchases	4 948 412	-
Under budgeted on project expenses	-	1 143 419
Loss on disposal	252 957	-
Net deficit per approved budget	**(1)**	**-**

36. Budget differences

Material differences between budget and actual amounts

During the current year there was a underspending in Personnel costs as some positions were only filled out late during the year. The overspending in general expeneses was mainly due to bulk purchases as result of more kiloliters were purchased to meet consumption.

Changes from the approved budget to the final budget

The changes between the approved and final budget was mainly due to an increase in the price that the City of Tshwane Metropolitan Municipality charged SWA for bulk purchases. The CTMM increased its rate to SWA by 10%. The adjustment had to be incorporated in the Operational Losses subsidy the SWA invoices to CTMM.

37. Reconciliation between budget and cash flow statement

Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:

Operating activities		
Actual amount as presented in the budget statement	(8 672 321)	(19 407 444)
Investing activities		
Actual amount as presented in the budget statement	(525 588)	(462 073)
Net cash generated from operating, investing and financing activities	**(9 197 909)**	**(19 869 517)**

Notes to the Audited Annual Financial Statements

Figures in Rand	2013	2012

38. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements .

Total Deviations occured in the current year comprise of the following:		
Sole supplier Caseware Software	110 916	-
Computer repairs by manufacturer	30 974	-
Emergency Interdict against illegal strike	38 786	-
Emergency work for water shortages	116 549	-
Emergency work done at Eastern Resevoir leakage	262 200	-
WMD Water Meters with AGB Boxes and 3 days training manual and DVD softwares	1 105 800	-
Total Deviations occurred in the prior year		
Water Restrictions at Madibeng Municipality	-	155 850
Installation of new 15mm bulk water connection	-	128 307
Restoring water supply at Madibeng Municipality	-	55 850
Supply of Hydrants locks to lock heads	-	172 500
Construction of pipes, welding, tar patch Strom water and PEPS	-	67 260
Winetrveldt: Grass cutting, fumigation and yard cleaning	-	25 621
Fumigation of snakes at NTI, Garankuwa, Mabopane and Winterveldt	-	21 659
Winterveldt: Building Maintenance	-	20 326
Fumigation of Snakes	-	63 000
Water Supply through tankers	-	206 102
Other valid deviations	-	153 478
	1 665 225	**1 069 953**

Notes to the Audited Annual Financial Statements

Figures in Rand	2013	2012

39. Material Losses

The entity suffered significant water loss of 5 106 218 kilolitres (2012: 4 356 964 kilolitres) with a net value of R 28 237 385 (2012: R19 780 617) . The losses can further be broken down between technical and non-technical losses. The technical losses incurred in the current year was 2 067 290 kilolitres (2012: 1 594 758 kilolitres) with net value of R 11 432 113 (2012: R 7 240 200). The non-technical losses incurred in the current year was 3 038 928 kilolitres (2012: 2 762 206 kilolitres) with a net value of R 16 805 272 (2012: R 12 540 417).

Water is supplied to the ODI service delivery area from Rand Water through three bulk supply pipelines by the means of gravity flow . Monthly meter readings of supply are used to monitor the total gross supply and monthly meter readings of water exported to the neighbouring municipalities are used to calculate the net water input into the ODI areas.

Water loss management in the ODI area of supply is monitored, managed and controlled by the implementation of the Water Conservation and Water Demand Management strategies. The primary outcome of these strategies is to reduce:

1. Technical Losses (where not all water supplied reaches the consumer)
2. Financial Losses (where not all water reaching the consumer is measured and paid for)

These losses are caused by:
(a) Real Losses (physical loss of water from the system) and
(b) Apparent Losses (losses due to meter inaccuracies, meter estimations, non-metering of water and unauthorized consumption – this is water reached to the end users but not properly measured, accounted and paid for).

From the above, water losses in the ODI is determined by calculating the amount of Non-Revenue Water (NRW) which is the difference of the volume of water supplied into the system and the billed consumption.

Activities undertaken by the ODI Management involve the continuous investigation into various factors leading to water loss, and the implementation of various initiatives to assist with the reduction of non-revenue water.
The initiatives included the following:

1 Network analysis of existing systems
2 Monitoring and logging of pressures and flows
3 Engineering investigations in problematic areas
4 Pressure management: Installation and setting of PRV’s
5 Domestic and commercial meter audits and meter replacements
6 Active leak detection by locating water leaks using various methods and equipment
7 Continuous meter audits
8 Monitoring the reservoir
9 Monitoring housing developments & Capital projects

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Detailed Income statement

Figures in Rand	Note(s)	2013	2012
Revenue			
Sanitation Income		36 431 229	32 960 942
Water Revenue		145 302 042	137 531 437
Other income		4 026 129	614 253
Financial intruments - Fee income		-	1 143 419
Interest Income		24 114 356	21 826 154
Government grants & subsidies	14	134 374 288	102 564 175
Total revenue		**344 248 044**	**296 640 380**
Expenditure			
Personnel	19	(73 559 670)	(72 144 525)
Depreciation and amortisation		(2 258 335)	(2 666 289)
Finance costs		-	(2 199)
Debt impairment	20	(77 303 556)	(82 730 321)
Collection costs		(6 080)	(24 377)
Repairs and maintenance		(9 930 278)	(2 536 999)
Loss on disposal of assets		(252 958)	(2)
General Expenses	17	(183 811 644)	(153 145 266)
Total expenditure		**(347 122 521)**	**(313 249 978)**
Operating deficit	18	**(2 874 477)**	**(16 609 598)**
Deficit for the year		**(2 874 477)**	**(16 609 598)**
Attributable to:			
Owners of the controlling entity		(2 874 477)	(16 609 598)

The supplementary information presented does not form part of the audited annual financial statements and is unaudited

TSHWANE ECONOMIC DEVELOPMENT AGENCY

ANNUAL REPORT

2012/13

Abbreviations and Acronyms:

AIDC	Auto Industry Development Corporation
APC	Audit and Performance Committee
CAPEX	Capital Expenditure Budget
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CM	City Manager
CoT	City of Tshwane
CSS	Corporate and Shared Services
DCM	Deputy City Manager
DED	City's Department of Economic Development
EM	Executive Mayor
FINRISK	Finance and Risk Committee
GDS	Growth Development Strategy
ICC	International Convention Centre
IDP	Integrated Development Plan
INCA	INCA Project Managers
IT	Information Technology
KPA	Key Performance Area
KPI	Key Performance Indicator
MAYCO	Mayoral Committee
MFMA	Municipal Finance Management Act
MMC	Member of the Mayoral Committee
MSA	Municipal Systems Act
MTREF	Medium Term Revenue and Expenditure Framework
OPCA	Operation Clean Audit
OPEX	Operating Expenditure Budget
REMCO	Remuneration and Ethics Committee
SCM	Supply Chain Management
SDBIP	Service Delivery Budget Implementation Programme
SDA	Service Delivery Agreement
SED	Strategic Executive Director
SLA	Service Level Agreement
TEDA	Tshwane Economic Development Agency
TITIIC	Tshwane International Trade Investment and Infrastructure Conference
ToR	Terms of Reference

Country of incorporation and domicile	South Africa
Legal form of entity	State Owned Company
Company registration number	2006/019396/07
Nature of business and principal activities	Facilitate economic developments in the Tshwane areas
Controlling entity	City Tshwane Metropolitan Municipality
Board of Directors	L Vutula (Chairperson) CBB Mahlati CR Mpyane FK Sibanda H Gouvelis J Matsho JL Thubakgale LD Haskins MW Yates N Singh NM Ntsinde RS Bahula- Ermias TTC Dlamini
Accounting Officer	MR Moroka
Chief Financial Officer:	MC Sebogodi
Physical Address:	Isivuno House 143 Lilian Ngoyi Street Pretoria
Postal Address:	P. O. Box 11751 Zwartkops 0051
Auditors:	Auditor-General of South Africa
Bankers:	Standard Bank

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CHAPTER 1 Introduction

1.1 Foreword by Member of the Mayoral Committee Economic Development

Tshwane Economic Development Agency (TEDA) is the brainchild of the City and thus a fundamental municipal entity meant to facilitate and perform on specific areas of Tshwane's economic development, growth and job creation and this arrangement falls within the ambit of the Council approved revised TEDA mandate. The Department of Economic Development (DED) and City Planning is currently tasked with the responsibility of ensuring TEDA produces positive results as it performs on its mandate and reports progress to the City. The City is the sole shareholder and its officials, including the MMC Economic Development and Spatial Planning and SED all playing observer status in the Board, albeit also representing the interest of the Executive Mayor (EM) and the focal point remains of ensuring improved working relationship between the city and TEDA so as to realize City's strategic objective: Economic Development, Growth and Job Creation.

In the reporting 2012/13 financial year there has been a number of critical areas, DED identified and performed on to ensure that TEDA is fully operationalized by 30 June 2013 in and the tasks performed included the following:

- Ensuring that the assigned TEDA Board members attended both the DED Strategic Session/MAYCO Lekgotla and thus assisting the City in the development of the TEDA revised mandate which was approved by Council in November 2012;
- The role DED played in the appointment of a service provider, subsequent consultations/engagements that unraveled to the point of a production of a well-documented TEDA Business Plan 2012/13 which was ultimately presented at the city's Budget Adjustment Committee held during February 2013;
- The Office of the City Manager assisted TEDA in the recruitment and appointment of key management and staff.
- DED having facilitated the March 2013 meeting between the EM and TEDA Board of Directors to confirm the thinking of the City and also to re-iterate that the conclusion of the SDA would formalize the manner in which the City expects TEDA to perform on its mandate and also to meet common objectives with the City;
- DED having successfully facilitated a workshop between TEDA and respective City departments in order to document elements augmenting the SDA between the City and TEDA;
- DED is also responsible for assessing TEDA's performance trends and it is recorded that submitted monthly reports, quarterly reports and now this annual report show an entity that performed as expected in terms of its Work Plan 2012/13 moreover because the TEDA budget was only confirmed in February 2013 and funds transferred at the end of March 2013 means the entity achieved tremendous results in operationalizing itself and now the challenge is for the entity to show the same zeal, energy and dedication when performing on its approved Business Plan 2013/14 and SDA come 1 July 2013 onwards.

The City is committed to ensuring TEDA succeeds in its endeavors and the manner in which the entity performed during the 2012/13 is a good sign of removing the dormant status that engulfed the entity since Council Resolution of 2 November 2006.

1.2 Foreword by the Chairperson of the Board

The appointment of TEDA Board of Directors took place in April 2012 and the first TEDA Board of Directors meeting took place on 1 August 2012 heralding a new path for a municipal entity that was established as far back as 2006. The Auditor General's Report, for the period 2011/12 noted pertinent concerns such as TEDA being dormant and not having opened a bank account thus prompting the Board to consider and work on various options in ensuring that TEDA is operationalized in the 2012/13 financial year. The Board managed to work without management from the start of the financial year 2012/13 to 31 January 2013 and notably succeeding with the following:

- TEDA Business Plan 2012/13 was submitted during the adjustment budget process in order for TEDA to be allocated a budget for the same financial year;
- The following Board Committees, namely the Remuneration and Ethics Committee; Projects Committee; and the Finance and Risk Committee were set up. All necessary terms of reference for each committee were developed and duly endorsed by the Board;
- Assigning specific Board of Directors to work on the appointment of the CEO; CFO; Company Secretary and Office Administrator.
- The Board successfully ensured that TEDA compiles the 2011/12 annual financial statements and were submitted to the Auditor General;

1.3 Overview by the Chief Executive Officer

The primary objective of TEDA is ***to cultivate an environment within which the City of Tshwane can grow its human capital and the economy through the facilitation, implementation and management of developments with a specific focus on economic development and associated activities within Tshwane***.

1.3.1 Background of TEDA

1.3.1.1 **Tshwane Economic Development Agency SOC Ltd** (**TEDA**) Registration Number 2006/019396/07 is a state-owned company registered in terms of the Companies Act (Act No71 of 2008), with Companies Office on 23 June 2006;

1.3.1.2 TEDA was established as a municipal entity of the City of Tshwane Metropolitan Municipality (the City) on 2 November 2006. TEDA's mandate was revised by Council on 8 November 2013 and covers the following areas:

(i) Trade and Investment Promotion, Facilitation and Aftercare;
(ii) Trade and Investment Programme Implementation:
(iii) Promotion of Export-Ready Companies;
(iv) Trade, Investment and Tourism Management Services;
(v) Development Facilitation;
(vi) The Maintenance of an Infrastructure Investment Vehicle;
(vii) Strategic Land and Buildings Portfolio Management;
(viii) Social Infrastructure Investment Facilitation;
(ix) Programme Management in relation to Investment Projects responding to EPWP;
(x) Sectorial and Skills Development Programme linked to Trade and Investment Projects;
(xi) International Investment Outbound and Inbound Missions aligned to the Market Analysis conducted by the Economic Intelligence Division;
(xii) Strategic Trade and Investment Events and Activities;
(xiii) One-Stop Investment and Export Centre;
(xiv) Tourism Management:
(xv) Stakeholder Liaison/Strategic Partnerships;
(xvi) Implementation of Programme identified in Sister-City Agreements;
(xvii) "Game Changer" Programme Implementation as assigned by City and that includes:

1.3.1.3 During the 2012/13 financial year it was virtually impractical to realize any of the TEDA Mandate in absence of a concluded SDA between the City and the TEDA and now that the SDA was concluded on 28 June 2013, following Council approval of 27 June 2013, the Work Plan 2013/14 will target specific deliverables on each and every TEDA Mandate up to the period ending 30 June 2014.

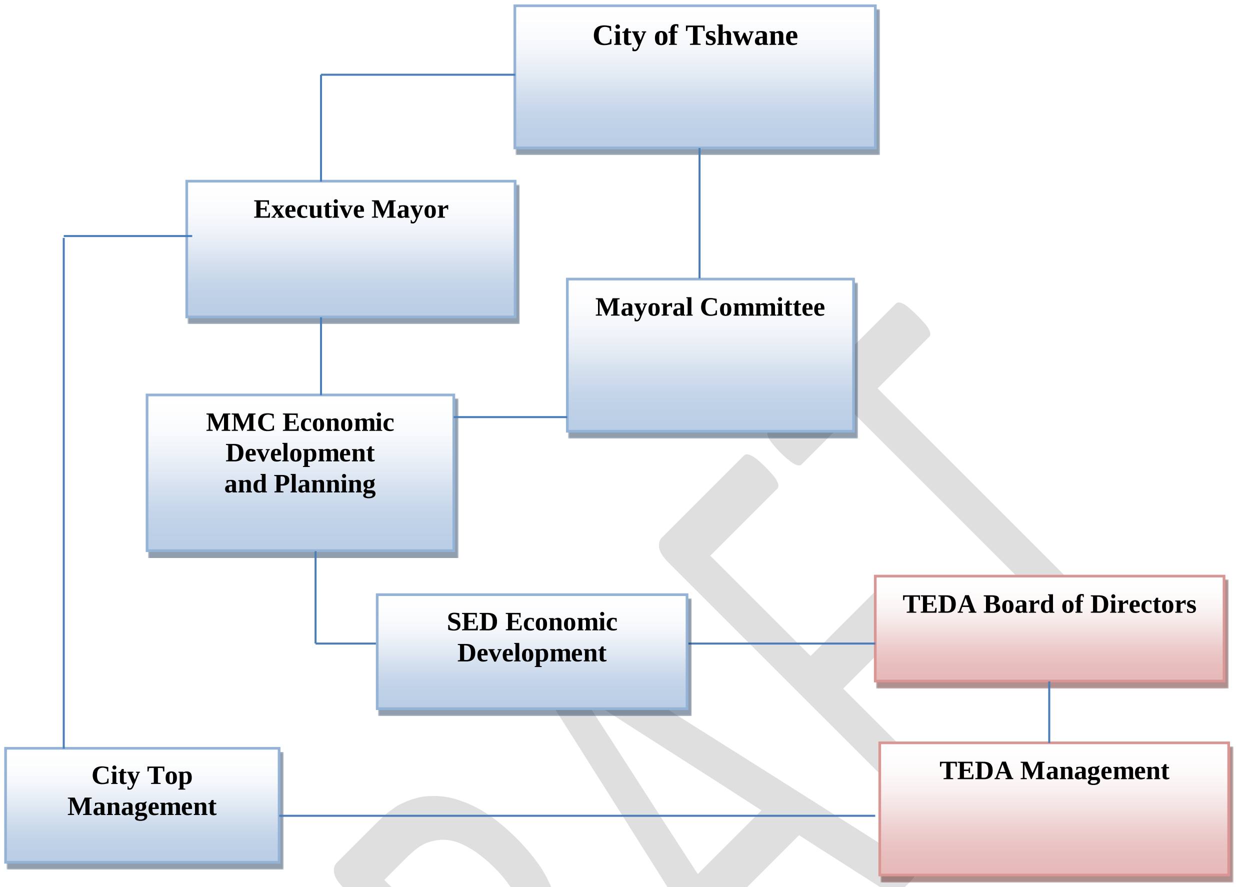
1.3.2 Legislative Background

TEDA is regulated in terms of the Companies Act (Act No 71 of 2008) as well as the Legislation applicable to Municipal Entities of a Municipality i.e. the Local Government: Municipal Systems Act [MSA], (Act 32 of 2000 as amended), and the Local Government: Municipal Finance Management Act [MFMA], (Act 53 of 2003) as amended and all Regulations promulgated in terms thereof.

1.3.3 Institutional Arrangements

TEDA receives its mandate from the CoT, through the Executive Mayor and Council and it is contractually accountable and reports to the Department of Economic Development (DED) and the Member of the Mayoral Committee assigned to DED. TEDA derives some of the key performance areas especially those that are directly aligned to the IDP and SDBIP of CoT. TEDA management reports to the Board of Directors of TEDA and any communication to the CoT is done through the Board of Directors to CoT (DED).

TEDA and City Of Tshwane Institutional arrangements (Figure 1):



1.3.4 Organizational Overview

The operationalization of TEDA commenced soon after the Board of Directors first meeting on 1 August 2012 and subsequent meetings to 17 January 2013 dealt with the following critical subjects,:

(i) Ensuring TEDA complies with laws, regulations and City guidelines and this happening in absence of appointed TEDA Management and staff and also in the Board responding to the Auditor General's 2011/12 areas of concerns;
(ii) Appointment of PWC to deal with annual financial statements and report 2011/12;
(iii) Setting up Board Committees and approved Terms of Reference;
(iv) Assigning specific Board members to assist in the development of:
  (a) Terms of Reference to appoint a service provider to assist with the appointment of TEDA CEO; CFO; Company Secretary and Office Administrator;
  (b) Board members attending City's strategic sessions with a view of ensuring TEDA produces a Business Plan 2012/13 and has it submitted to the City's Budget Adjustment processes of January/February 2013.

Period 1 February 2013 onwards saw Management activating related processes to address pertinent issues such as:

(i) Securing an amended Board resolution to open TEDA Bank account and Council approved budget funds of R25m (this amount differs with the one quoted by the Chairperson of the Board) transferred into the account of TEDA.
(ii) Presenting TEDA Business Plan 2012/13 to the City's Budget Adjustment Committee and Budget Steering Committee leading to Council approval.

(iii) Development of TEDA Business Plan 2013/14 (MTREF), presentation to the Board and securing approval and submitting to the Council which approved a budget of R47.5m.

(iv) TEDA aligned to City's laws, regulations and guidelines and at the same time Management presenting some of the pertinent policy drafts to the Board for approval, namely the SCM Policy, Travel and Subsistence Policy and also a number of reports capturing Terms of Reference to work on related strategic documents and the appointment of additional capacity to complement TEDA's operationalization efforts;

(v) Processes informing the City to develop an SDA which was approved towards the end of the period under review.

(vi) TEDA procured office space in terms of its SCM Policy and related prescripts governing TEDA;

1.3.5 Financial Overview

For the financial year under review, TEDA had a budget of R25 million which was allocated during the adjustment budget which was meant for operationalization of the entity. TEDA operated only for last quarter of the financial year. TEDA was unable to complete the operationalization process, this resulted in the under spending of 14 million which will be rolled over to the 2013/14 to enable the organisation to complete the process.

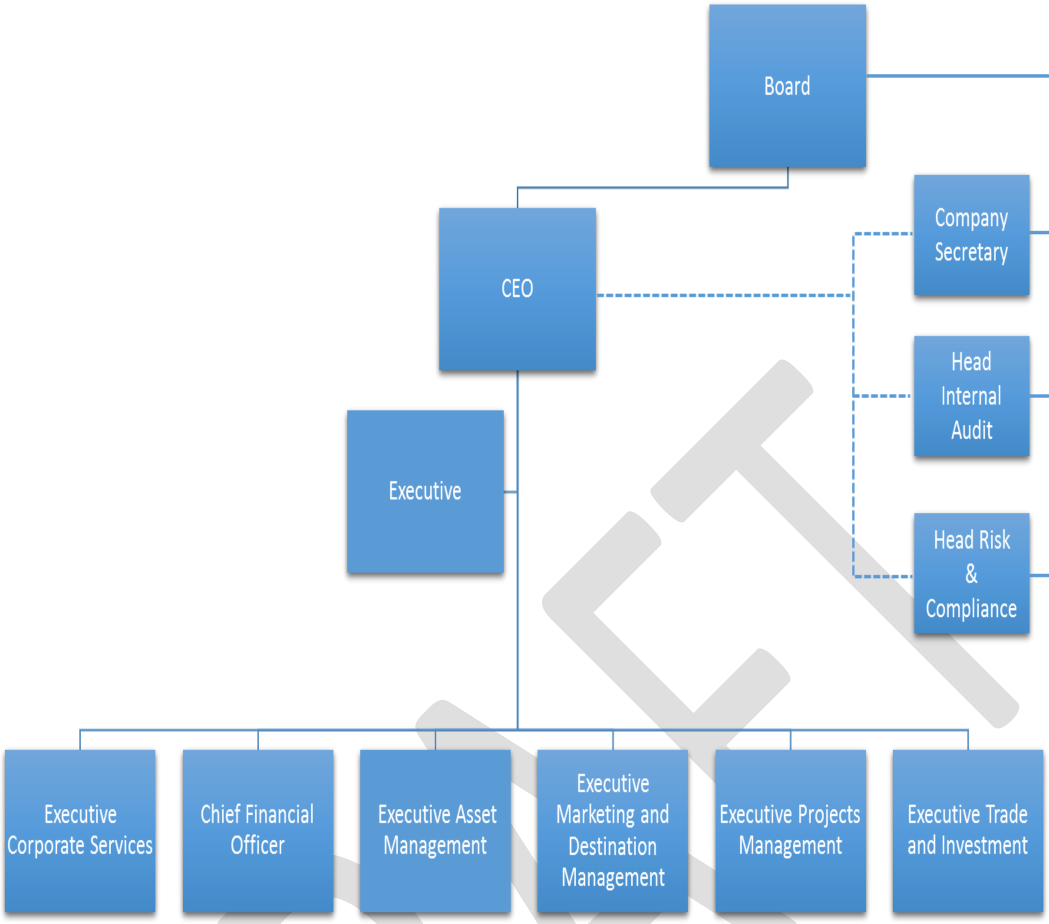
The total annual budget of R25 million was classified into two categories of: Operating Expenditure amounting to R19.4 million and Capital Expenditure of R5.6 million. The allocated annual CAPEX budget for 2012/13 was not utilised because the administration of the organisation was not in place.

The expenditure for the operating budget was R11 million. Owing to shortage of critical skills there were variances in some line items of employee costs and general expenses due to the vacant positions being budgeted for but not filled. This contributed to the negative impact on the general expenses during the year under review.

1.3.6 Performance Overview

TEDA could not meet the set targets as per the approved score card in the business plan 2012/2013 especially in areas dealing with economic growth and job creation, development of sustainability models, which are some of the core key performance areas. The reason for non- performance in these is due to the fact that TEDA key positions were only filled in the latter part of the 3rd quarter. The other executive positions were only filled in the new financial year. The main focus therefore when the two key executives were brought on board, was to ensure that TEDA sets up its operational systems and processes, build capacity by embarking on a recruitment drive and appointing administrative personnel. TEDA had set itself milestones and targets which it partly achieved in the intervening period.. The assessment at the end of the financial year was that TEDA has actually completed approximately eighty per cent (80%) of the set targets. For an organization that was running with only 3 staff members at that stage, this is a milestone worth noting. TEDA should also acknowledge the support it was given by the City during the formative period in terms of corporate support and especially the supply chain management matters.

TEDA Organogram



CEO and Executive in the CEO's office

Provide Effective Strategic Leadership and Operational Leadership to TEDA so that the organisation achieves its objectives. Drive the compliance framework for the organisation on an on-going basis: Reviewing and implementing strategy and business processes.

The role of the Executive is to support the Chief Executive Officer with strategic and operational performance tracking and support strategic project interventions as required by the CEO. Be the key communications link between the CEO and the TEDA Executive team and the Company Secretary.

Company Secretary

The office of the Company Secretary has been set up to facilitate communication and playing an overall advisory role within TEDA and to the Board. The company secretary is responsible for corporate governance, company secretariat and compliance with the MoI, rules of the company and relevant laws. The Company Secretary will render an effective one stop service to the Board of Directors and all related committees

Audit and Risk
The Audit and Risk Executive will provide assurance to the CEO and the board of on-going internal audit processes to ensure that business risk is tabled and addressed on an on-going basis. The Audit Executive will be supported by a team of external professionals.

Chief Financial Officer
The Finance Management and Reporting Business Unit has been established to ensure the management and reporting of TEDA's financial resources. The key objective is to deliver on transparent and effective financial management controls and reports in line with legislative requirements of TEDA.

Corporate Services
The Corporate Services Functional Unit will provide support to the entire TEDA organisation. Key functions of this team will include Human Resource Management, Special Projects will be supported by the HR function, Corporate Social Investment, ICT Management as well as office administration.

Property and Asset Management
The Property Asset Management Business Unit is established as an income stream for TEDA. The Asset Management business unit will manage and develop property assets on behalf of the City of Tshwane with the aim to derive maximum value from the City's assets.

Marketing and Communication
The Marketing and Communications Business Unit is established as an income stream as well as a marketing arm for TEDA and the City of Tshwane. TEDA's key messaging will be channelled through this business unit.

Projects Portfolio Management
The Project Management Business Unit will facilitate and deliver on all allocated projects to TEDA by the City of Tshwane. The Project Management team will also implement projects for the private sector on behalf of TEDA.

Trade and Investment Promotion
The Trade and Investment Business Unit is established as an income stream for TEDA. The Trade and Investment Business Unit will enhance the export capacity and increases the export values of companies based in Tshwane and it will attract investment inflows into the City of Tshwane.

The overall mission of the trade and investment promotion business unit is to position the City of Tshwane as a preferred investment destination and business destination for export-oriented companies by building internal capacity to attract investors into the City of Tshwane and by assisting local exporters to enhance their competitiveness in foreign markets.

CHAPTER 2 Performance highlights and achievements

The Service Delivery Agreement (SDA) was approved by Council on 27 June 2013 and concluded on 28 June 2013 and this did not allow TEDA to formulate its key performance indicators as they had to be informed by the SDA. Therefore, the annual performance report 2012 / 13 was withdrawn from the audit process on the advice of the Shareholder as it was not aligned to the SDA and therefore lacked the necessary key performance indicators.

2.1 Key highlights and achievements

The performance trends include setting up TEDA operations and appointing key staff to enable a fully operational TEDA in the new financial year starting on 1 July 2013. The efforts of TEDA in the latter part of the 2012/13 financial was focused on reflecting on its operationalization, mandate elements of which required the necessary conclusion of the Service Delivery Agreement between the City and TEDA document which was only approved by Council on 27 June 2013. TEDA management developed its business plan 2013/14 (MTREF) and had it endorsed by the Board on 5 March 2013, and duly submitted to the City in the same month. Council approved TEDA's MTREF Budget 2013/14 of R47, 5million on 30 May 2013. It is worth noting that the key areas of performance for the last six months of financial year 2012/13 thus reflect operational set- up activities by the Board, mirrored against the Work Plan 2012/13.

TEDA was assigned the task of managing the TIITIC event that will be held between May and October 2014. TEDA managed to carry out the preparatory activities towards the hosting of TEDA like securing a venue for the conference before 30 June 2013, taking part in the preparatory discussions with the stakeholders and ensuring TITIIC 2014 is a better success than that of TITIIC 2012.

The financial systems were set up, the key policies were drafted within the supply chain management and financial management areas which was crucial as TEDA had to ensure that procurement procedures and financial management transactions are carried out according to the law. TEDA came up with a compliance schedule that guides in the daily operations and the statutory reporting in terms of the PFMA and the MFMA and other relevant legislation. This also captured the internal reporting requirements and timelines as laid out between the City and TEDA.

TEDA logo was designed and implemented after being endorsed by the City in March 2013.

A business plan for 2013/14 (MTREF) was prepared and submitted together with the multi-year budget projections, which was used by the City to make a budget allocation to TEDA for 2013/14, albeit the SDA processes were delayed to end of the financial year.

TEDA identified its key stakeholders, among these were National and Provincial departments and met with the Directors General of these key departments with the aim of introducing TEDA to them and setting up key areas of engagements and collaboration.

As at 30 June 2013, TEDA Board appointed the CEO, CFO, Company Secretary, Executive Manager Corporate Services, and Executive Manager Marketing whilst CEO had also confirmed appointments of Senior Managers: Financial Accounting; Management Accounting; SCM; Office Manager and Manager Strategy.

As at 30 June 2013, TEDA was operational and considered as fully established as it now had a functioning Board and Management.

TEDA commenced, in collaboration with City's SCM processes, with the acquisition of its Centurion based office space in April 2013 with the City concluding applicable SCM processes on 18 June 2013 and the Accounting Officer appointing the successful service provider on 28 June 2013 and letter of appointment delivered on 1 July 2013.

CHAPTER 3 Report of the Directors and Corporate Governance

3.1 CORPORATE GOVERNANCE STATEMENT

The Board of Directors of TEDA subscribes to the spirit of good corporate governance as stipulated in the King Code III and the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, 2000 as amended. The Board is committed to uphold and conduct its duties with the highest integrity in order to build public confidence and that of its parent municipality.

3.2 BOARD OF DIRECTORS (Table 1)

Board Member	Capacity: Executive / Non Executive	Race	Gender	Board Committee Membership
Mr Luthando Vutula	Chairperson	African	Male	None, but can gets invited as and when necessary
Mr Harry Gouvelis	Non-Executive	White	Male	REMCO, FINRISK
Ms Mavis Nontobeko Ntsinde	Non-Executive	African	Female	Projects (Chairperson) and FINRISK
Ms Raesetja Shirley Bahula-Ermias	Non-Executive	African	Female	Projects and FINRISK
Mr Jim Matsho	Non-Executive	African	Male	REMCO (Chairperson), Projects
Mr Fungai Khumbule Sibanda	Non- Executive	African	Male	Projects and FINRISK
Adv Cawekazi Mahlati	Non-Executive	African	Male	REMCO and Projects
Ms Nadira Singh	Non-Executive	Indian	Female	REMCO and FINRISK (Chairperson)
Ms Lizelle D Haskins	Non-Executive	Coloured	Female	Projects and FINRISK
Mr Collen R Mpyane	Non-Executive	African	Male	REMCO and Projects
Mr Jan Letsepe Thubakgale	Non-Executive	African	Male	REMCO and FINRISK
Mr Mike Yates	Non-Executive	White	Male	Projects and FINRISK

3.3 BOARD COMMITTEES

TEDA Board has committees set up which are chaired by non-executive directors and they operate within the relevant prescripts governing the operations of TEDA. The committees are as follows:

3.3.1 Finance and Risk (FINRISK) Committee

The FINRISK committee of TEDA is an advisory body to assist the Board of Directors of TEDA to execute its mandate as far as it pertains to the finance and risk aspects applicable to TEDA. The committee work is aligned to the board's resolution and terms of reference covering the following areas:

- Internal controls;
- Financial Statements;
- Internal Audit;
- Corporate Governance;
- Risk Management;
- External Audit;
- Compliance with Laws and regulations;
- Combined assurance; and
- Finance function.

3.3.2 Projects Committee

The Projects Committee of TEDA is a body to assist the Board of Directors to execute its mandate as far as it pertains to the projects aspects applicable to TEDA. The execution of these functions must be in accordance with the relevant legislation, best practices and applicable codes. The Committee's responsibilities are as follows:

- Assess project proposals and make recommendations to the board;
- Prioritize projects to achieve optimal utilization of resources;
- Provide advice to shape the strategic direction of TEDA in line with the Business Plan of TEDA;
- Put in place steps to ensure that projects contain appropriate management frameworks and milestones against which progress can be measured;
- To assess project proposals that are suitable for funding;
- Provide advice on any matter relating to the operations of TEDA.
- Provide advice on appropriate funding models for financial capital projects
- Monitoring and report on the performance of the executive regarding the execution of projects.

3.3.3 Remuneration and Ethics Committee

The Remuneration and Ethics Committee of TEDA is a body that assists the Board of Directors of TEDA to execute its mandate as far as it pertains to the remuneration and ethics aspects applicable on TEDA. The execution of these functions must be in accordance with the relevant legislation, best practices and applicable codes. The duties of the committee cover the following areas:

- All remuneration aspects relating to the Board, Executive Management and other employees within TEDA.
- Ethics-
  - Ethical Leadership;
  - Ethics Structures;
  - Ethics Training
  - Ethics Risk Assessment;
  - Code of Ethics and Policies;
  - Implementation of Ethics Standards;
  - Internal Auditing of Ethics;
  - Reporting on Ethics,

3.4 Director's Remuneration

The total amount paid to the Directors for the financial year 2012/13 is R1 953 900-00 and the payments are as a result of meetings attended and categorized in **Tables** below:

3.4.1 Board Meetings 2012/13 Financial Year (Table 2)

Name of Board Member	Total no of meetings attended
L Vutula	**16**
CBB Mahlati	**14**
CR Mpyane	**1**
FK Sibanda	**12**
H Gouvelis	**14**
J Matsho	**15**
JL Thubakgale	**1**
LD Haskins	**1**
MW Yates	**1**
N Singh	**14**
NM Ntsinde	**15**
RS Bahula-Ermias	**16**

*Previously appointed T Dlamini never attended any of the meetings during 2012/13 financial year.

3.4.2 Board Committee Meetings 2012/13 Financial Year

The four (4) additional Board members, (who were appointed in the last quarter of 2013/14) did not attend any of the Committees during the 2012/13 financial year.

3.4.2.1 Board Committee Meetings (Table 3)

Name of Board Member	Audit and Risk Committee	Finance and Risk Committee	Projects Committee	REMCO	TOTAL
L Vutula					
CBB Mahlati			8	7	14
FK Sibanda	1	6	7		13
H Gouvelis	0	4		5	9
J Matsho			7	6	13
N Singh	1	5		5	11
NM Ntsinde	1	7	7		15
RS Bahula-Ermias	1	7	7		15

3.5 COMPANY SECRETARIAL FUNCTION

TEDA operated the entire 2012/13 financial year without a Company Secretary and had to rely on the services of the City's Governance Unit and appointed Office Administrator to service the Board and all three Board Committees and the reasons are depicted hereunder. However, subsequently Board appointed the Company Secretary on 27 June 2013 expected to assume duty in the financial year 2013/14.

3.6 RISK MANAGEMENT AND INTERNAL CONTROL

TEDA does not have a separate risk management and internal control unit and it is making use of shared services for both risk management, internal audit and the Audit Committee with the City of Tshwane. Risk management capacity will be acquired in the new financial year subject to the availability of funds.

CHAPTER 4 Compliance and accountability

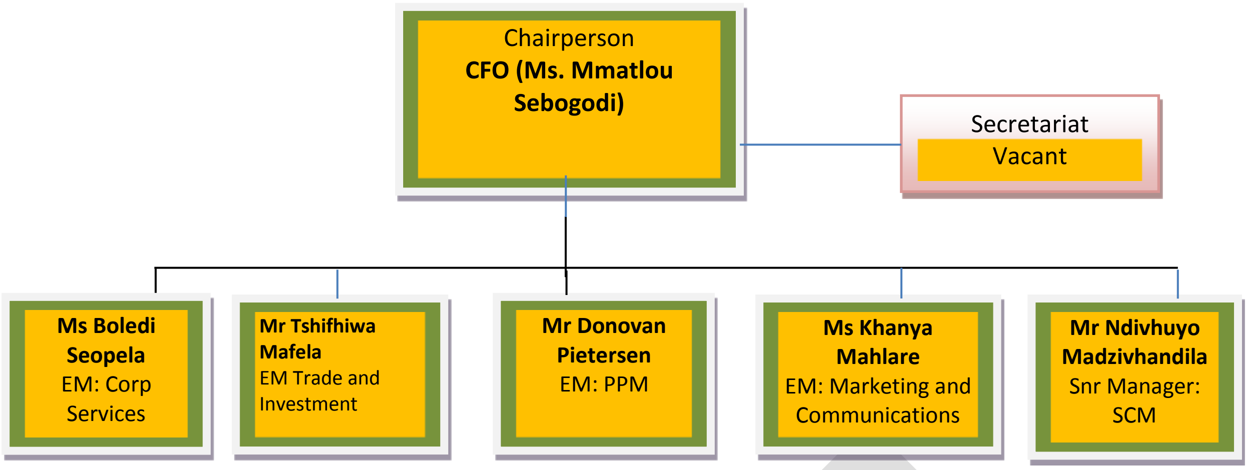
4.1 SUPPLY CHAIN MANAGEMENT

TEDA used the City of Tshwane supply chain management processes in the absence of the supply chain management capacity within TEDA. In certain instances, TEDA would also make use of the existing City of Tshwane contracts to procure goods and services in line with the provisions of the PFMA and the MFMA. The Supply chain management policy was approved by the board on the 26th March, 2013 in line with the Municipal Finance Management Act No. 56 of 2003. There were no deviations from the normal procurement process during the year under review.

Supply Chain Management Committees: (**Table 9**)

Committee	Guidelines	Functions and purpose of the Committee
Bid Specification Committee	The bid specification committee must be composed of two or more officials of TEDA preferably the head of the unit responsible for the function involved and may also include if appropriate external specialist advisor. No person / advisor involved with the bid specifications committee or director of such may bid for any resulting contracts.	The bid specification committee approves the specifications for the procurement of goods and services by TEDA. The head of the Unit must recommend to the Bid specification committee and must approve the specifications before publication of the invitation for bids.
Bid Evaluation Committee	A bid evaluation committee must be composed of officials from the units requiring goods and services and representation from Supply Chain Management	The bid evaluation committee evaluates bids in accordance with the specifications for procurement and the Preferential Procurement Framework Act. Each bidders ability to executive the contract is evaluated The bid evaluation committee submits a report to the bid adjudication committee with recommendations regarding the award of the bid or any related matter.
Bid Adjudication Committee	The bid adjudication committee must consist of at least four senior managers of the TEDA which must include The Chief Financial officer or his/ her delegated official preferably as the Chairperson ; At least one senior supply chain management practitioner within supply chain management A technical expert in the relevant field. A legal and compliance representative (company secretary)	The bid adjudication committee considers the report and recommendations of the bid evaluation committee The committee makes a final award on tenders from R200,000 to R10 million and makes recommendation to the accounting officer to make the final award on tenders above R10million or Makes another recommendation to the accounting officer how to proceed with the relevant procurement

TEDA Bid Adjudication Committee (Figure 2)



*** This was approved in October 2013.**

Supply Chain Management procurement threshold and delegations (Table 10)

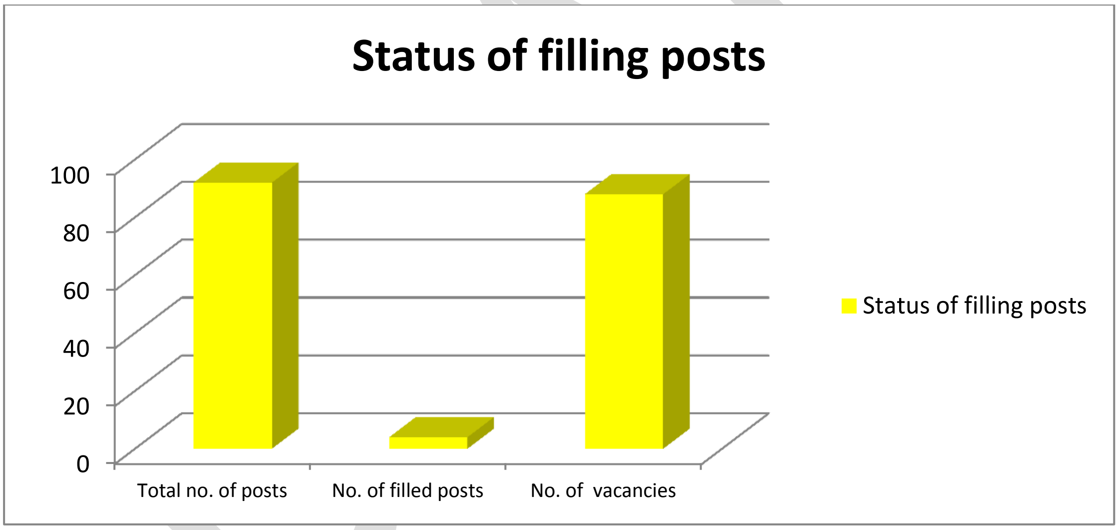
Value of Purchase	Procurement method and requirements	Delegated Authority	Oversight role
0 to R2,000	Petty Cash	Chief Financial Officer	Chief Financial Officer
R2 0001 to R10 000	3 (three) Quotations	CEO	CEO
R10,000 to R30 000	3 (three) formal Written price quotation	CEO	CEO
R30 001 to R200 000	(three) formal written quotations	CEO	CEO
Tenders above R200 000 to R10 million and long term contracts	A competitive bidding process : • Advertising the tender for a period of 30 days in the newspaper and Government tender bulletin. • Advertising of the tender in newspapers; • Allocate in accordance with the preferential points system	Bid adjudication Committee	CEO
Tenders above R10 million	A competitive bidding process : • Advertising the tender for at least 30 days in newspapers; • Allocate in accordance with the preferential points system	CEO	TEDA BOARD

CHAPTER 5 Human Resource oversight report and other compliance tables

5.1 HUMAN RESOURCES HEAD COUNT PER UNIT (Table 11)

Units	2012/13			
	No. of posts	No. of filled posts	No. of vacancies	Vacancies %
Chief Executive Officer	17	3	14	82
Chief Financial Officer	18	1	17	94
Corporate Affairs	9	0	9	100
Strategic Partnerships	7	0	7	100
Asset Management	9	0	9	100
Projects Officer	9	0	9	100
Trade and Investment	5	0	5	100
Tourism and Marketing	9	0	9	100
Legal services	9	0	9	100
TOTAL	**92**	**4**	**88**	**96**

Figure: 3



5.2 HUMAN RESOURCES GENDER AND RACE (Table 12)

Indicator	Baseline	202013/14 Target	202012/13 Actual
African staff % of total staff	100%	100%	n/a
Female staff as % of total staff	75%	75%	n/a
African Female managers % of senior management	75%	75%	n/a
Staff turnover as % of total staff	n/a	n/a	n/a

5.3 PROCUREMENT

5.3.1 Financial Performance (Table 13)

Financial Performance Year 0: Local Economic Development Services R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	25000	25119	
Expenditure:	0				
Employees	0	0	2950	3099	5%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	22050	5406	-308%
Total Operational Expenditure	0	0	25000	8505	-194%
Net Operational Expenditure	0	0	0	-16614	100%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.11.9*

5.3.2 Capital Expenditure (Table 14)

Capital Expenditure Year 0: Economic Development Services R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All		5600	0	5600	
Project A	0	0	0		0
Project B	0	0	0		0
Project C	0	0	0		0
Project D	0	0	0		0
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					*T 3.11.10*

5.3.3 Expenditure per Sector (Table 15)

Economic Activity by Sector R '000			
Sector	**Year -2**	**Year -1**	**Year 0**
Marketing			2,929,731.92
Wholesale and retail trade			2,276,176.27
Travel and subsistence			454,056.86
Total			5,659,965.05
			T 3.11.2

TSHWANE ECONOMIC DEVELOPMENT AGENCY SOC Ltd
(Registration number: 2006/019396/07)

ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2013

Accounting officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003) (MFMA), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipal entity as at the end of the financial year and the results of its operations and cash flows for the year then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognized Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipal entity and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipal entity and all employees are required to maintain the highest ethical standards in ensuring the municipal entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipal entity is on identifying, assessing, managing and monitoring all known forms of risk across the municipal entity. While operating risk cannot be fully eliminated, the municipal entity endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipal entity's cash flow forecast for the year to 30 June 2014 and, in the light of this review and the current financial position, he is satisfied that the municipal entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipal entity's annual financial statements.

The annual financial statements have been audited by the municipal entity's external auditors in accordance with the Companies Act, 2008 (Act No 71 of 2008) and their report is presented on pages 28_ to 29.

The annual financial statements set out on pages 30 to 58 which have been prepared on the going concern basis, were approved by the board directors, and accounting officer on ___________________ and signed by:

_____________________________ _____________________________

Accounting Officer **Chairperson: Board of Directors**

The directors submit their report for the year ended 30 June 2013.

1. Incorporation

The company was incorporated in South Africa on 23 June 2006 and obtained its certificate to commence business on the same day.

2. Review of activities

2.1 Main business and operations

City of Tshwane Metropolitan Municipality (CoT) established Tshwane Economic Development Agency (TEDA) as a State Owned Company (SOC) Ltd in June 2006 and the Board of Directors were appointed in April 2012. The organization's reason of existence is to promote the City of Tshwane as the ultimate investment hub in the country with the aim of contributing to the economic growth and development of the City. To achieve this, TEDA should have a strong collaborative relationship with its key stakeholders, that can assist in stimulating investment opportunities in Tshwane and where necessary to embark on strategic partnerships which will ensure that Tshwane becomes a continental economic strong point for Africa.

2.2 Important policy decisions and strategic issues facing the entity

TEDA started its operations in the first quarter of 2012/13, with the appointment of the Board of Directors. The executive management was appointed in the third quarter. The main issues facing TEDA are the need to strike a balance between the limited resources and the high expectations that the City of Tshwane and its citizens have about what TEDA has to deliver. TEDA is in the process of designing a funding model as well as innovative ways that will ensure its sustainability post City of Tshwane funding. TEDA is still operating under the City of Tshwane guidelines and policies while it is still in the process of developing its own policies.

2.3 Comment on significant events that have taken place during the year

TEDA entered into a Service Delivery Agreement with City of Tshwane and this was concluded and signed on the 28th June, 2013. The Service Delivery Agreement outlines the roles and responsibilities between the two parties and must be translated into an implementation plan for TEDA and calls for reprioritization of its resources. The appointments of key personnel, including critical administrative staff took place in the third and fourth quarter of the year under review to further accelerate the operationalization of TEDA. Important operational issues among others includes the opening of bank accounts, initiate the process of registering the entity with South African Revenue Services, adoption of a TEDA logo and procurement of office equipment took place before the closure of the 2012/13 financial year.

2.4 Comment on major projects undertaken or completed during the year

During the year under review, TEDA initiated a process of signing a Memorandum of Understanding (MOU) with Gauteng Growth Development Agency (GGDA) to provide service offerings of the Gauteng Investors' Centre (GIC), a one stop shop aimed at improving the business environment in Gauteng. The Council took a resolution to hand over the coordination and management of the Tshwane International Trade and Infrastructure Investment Conference (TITIIC) which takes place annually. TEDA has also been assigned the management of the projects embedded in the agreement which CoT has entered into with Automotive Industry Development Corporation (AIDC) for future automotive industry development initiatives within Tshwane. The Executive Mayor has pronounced on the major game changer projects that TEDA will take over from the City in the new financial year.

2.5 Information on predetermined objectives

The milestones undertaken by TEDA in the reporting period was to operationalize the entity. . It is worth noting that TEDA will adopt and customise a reporting template as guided by the National Treasury guides on reporting on predetermined objectives. TEDA will be able to report accordingly and coordinate and consolidate the information after the objectives have been set.

3. Going concern

Tshwane Economic Development Agency has an accumulated surplus of R850, 909. The annual financial statements have been prepared on a going concern basis as the directors have no reason to believe that the entity will not be a going concern in the foreseeable future. The entity is dependent on the continued support of the City of Tshwane and the municipality has no intention to liquidate the entity.

4. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year that can significantly affect the financial results.

5. Value Added Tax

The entity was not registered as a VAT vendor at the end of the reporting date. The process of registering for VAT has been initiated.

6. Share capital and equity

There were no changes in the authorised or issued share capital of the entity during the year under review.

7. Directors' personal financial interest

The directors have declared that they do not have any personal interests in the contracts entered into by the entity.

8. Directors

The directors of the entity during the year under review and to the date of this report are as follows:

Name	Nationality	Changes
L Vutula (Chairperson)	South African	
CBB Mahlati	South African	
CR Mpyane	South African	Appointed (June 2013)
FK Sibanda	South African	
H Gouvelis	South African	
J Matsho	South African	
JL Thubakgale	South African	Appointed (June 2013)
LD Haskins	South African	Appointed (June 2013)
MW Yates	South African	Appointed (June 2013)
N Singh	South African	
NM Ntsinde	South African	
RS Bahula-Ermias	South African	
TTC Dlamini	South African	Resigned (September 2012)

9. Corporate Governance

The directors are committed to exercise leadership, business integrity, transparency and professionalism in in directing the activities of the entity so that it can survive and thrive. As part of this commitment, the directors support the highest standards of corporate governance and the on-going development of the best practice.

The entity confirms and acknowledges its responsibility to compliance with the Code of Corporate Practices and Conduct ("the code) stipulated in the King III Report on Corporate Governance for South Africa 2009. The directors discuss the responsibilities of management at Board meetings and monitor the entity's compliance with the code on a monthly basis.

The salient features of the entity's adoption of the Code are outlined below:

9.1 Board of directors

The board:

- Retains oversight control over the entity, its plans and strategy;
- Acknowledges its responsibilities as to strategy, compliance with internal policies, laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity.
- Is of a unitary structure comprising of 12 non-executive directors, all of whom are independent directors as defined in the code.

9.2 Director Development

The non-executive directors attended training in May 2012.An induction programme is also schedule to take place earlier in the new financial year 2013/14 to familiarise incoming directors with the company's operations, its business environment, and the sustainability issues pertaining TEDA.

9.3 Board Committees

Without abdicating its own responsibilities, the board has delegated certain functions to the following well-structured committees. All board members with the exception of the chairperson serve in more than one committee.

9.4 Finance & Risk Committee

The committee comprises of eight non-executive directors. The committee exercise an oversight role on finance and risk related matters.

9.5 Projects Committee

The committee comprises of six non-executive directors. The committee exercise an oversight role on the planning and execution the projects that are in line with the entity's business plan. It also monitors the performance and spending progress of the projects.

9.6 Remuneration and Ethics Committee

This committee comprises of eight non-executive directors. It exercises an oversight role on remuneration and ethics matters affecting the entity.

9.7 Chairperson and Chief Executive

The chairperson is a non-executive and independent director (as defined by the King Code).

The roles of Chairperson and Chief Executive Officer (CEO) are separate, with responsibilities divided between them. The collective responsibilities of management vest in the CEO and as such the CEO bears the ultimate responsibility for all management functions. TEDA board delegates to management via the CEO, who in turn delegate to those reporting to him.

9.8 Company Secretary

The process of appointing a Company Secretary is at advanced stage and he/she is anticipated to assume his/her duties earlier in the new financial year, 2013/14. Prior to the appointment of a Company Secretary, the City of Tshwane provided the functions of Company Secretary for the entity.

9.9 Audit Committee

The governance responsibilities of the entity reside with the audit committee established by City of Tshwane for all municipal entities under its control.

9.10 Risk Management

The entity has performed risk assessment and compiled a risk register for 2012/13.

9.11 Internal Audit

The entity utilised City of Tshwane's internal audit unit to perform some functions as it does not have its own internal audit unit. However, there is no internal audit conducted during the year under review.

10. Holding entity

The entity's holding company is City of Tshwane.

11. Auditors

The Auditor-General of South Africa will continue in office in accordance with section 90 of the Companies Act of South Africa and section 92 of the Municipal Finance Management Act.

12. Dividends

No dividends were declared for the year under review.

____
L. Vutula
Chairperson: Board of Directors

____
Date

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND COUNCIL OF THE CITY OF TSHWANE METROPOLITAN MUNICIPALITY ON TSHWANE ECONOMIC DEVELOPMENT AGENCY SOC LTD

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Tshwane Economic Development Agency SOC Ltd set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets, the cash flow statement, the statement of comparison of budget and actual amounts for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008)(Companies Act) and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Tshwane Economic Development Agency SOC Ltd as at 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and Companies Act.

Additional matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Other reports required by the Companies Act

As part of the audit of the financial statements for the year ended 30 June 2013, I have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. There reports are the responsibility of the respective preparers. Based on reading these reports I have not identified material inconsistencies between the reports and the audited financial statements. I have not audited the reports and accordingly do not express an opinion on them.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

8. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion

Predetermined objectives

9. The annual performance report was not presented for audit and consequently my findings below are limited to the procedures performed on the strategic planning and performance management documents.

10. The information was assessed to determine whether performance indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

11. There were no material findings on the strategic planning and performance management documents concerning the measurability and relevance of the information.

Compliance with laws and regulations

12. I performed procedures to obtain evidence that the municipality has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:

Annual performance report

13. Annual performance report that included an assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and its parent municipality was not done as required by section 121(4)(d) and National Treasury Framework for managing programme performance information chapter 6 paragraph 6.2.

Strategic planning and performance management

14. The parent municipality which has a sole control of a municipal entity did not ensure that annual performance indicators for the municipal entity are established by agreement with the municipal entity and included in the municipal entity's multi-year business plan in accordance with section 87 (5) (d) of the Municipal Finance Management Act.

15. The entity did not have documented and approved internal policies and procedures to address planning, implementation, monitoring and reporting processes and events pertaining to performance management and reporting as required by National Treasury Framework for Managing Programme Performance Information chapter 5 paragraph 5.2.

Procurement and contract management

16. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the City Manager even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).

17. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 were procured by means of inviting competitive bids.

Internal control

18. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual of performance report and the findings on compliance with laws and regulations

Financial and performance management

19. Non-compliance with laws and relations such as the MFMA, National Treasury Framework for managing programme performance information and Municipal Supply Chain Management regulations could have been prevented had compliance been properly reviewed and monitored.

Johannesburg

30 November 2013

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Statement of Financial Position

	Notes	2013 (R)	Restated 2012 (R)
ASSETS			
Current assets		**18,067,102**	-
Cash and Cash Equivalents	3	15,837,370	-
Prepayments	4	2,229,732	-
Non-Current Assets		**2,691,946**	-
Property, Plant and Equipment	5	1,834,475	-
Intangible Assets	6	21,039	-
Deferred Tax	7.1	836,432	-
Total assets		**20,759,048**	-
LIABILITIES			
Current Liabilities		**20,017,207**	**120,637**
Trade and other Payable	8	1,306,642	75,972
Loan from shareholder	9	588,482	44,665
Current Provisions	10	116,667	-
Deferred Income	11	18,005,416	-
Non-Current Liabilities		**11,569**	
Deferred Tax	7.2	11,569	**-**
Total liabilities		**20,028,776**	**120,637**
Net Assets		**730,272**	**(120,637)**
Shareholders’ equity	12	1,000	1,000
Accumulated surplus		**729,272**	(121,637)
Net Assets		**730,272**	**(120,637)**

Statement of Financial Performance

	Notes	2013 (R)	Restated 2012 (R)
Revenue			
Exchange transactions			
Interest earned	13	26,046	-
Non-exchange revenue			
Transfers from City of Tshwane	11	6,994,584	-
Total Revenue		**7,020,630**	**-**
Expenses			
Employees costs	15	(1,602,028)	-
Remuneration of Board Members	16	(1,953,900)	(75,972)
Depreciation and amortisation expense	17	(12,218)	-
General Expenses	18	(3,426,438)	(3,868)
Total Expenditure		**(6,994,584)**	**(79,840)**
Taxation	19	824,863	-
Surplus(deficit) for the period		**850,909**	**(79,840)**
Attributable to:			
Net Asset holders of the Entity		850,909	(79,840)

Statement of Changes in Net Assets

	Note	Share capital and equity	Accumulated Surplus/(Deficit) (R)	Total net assets (R)
Opening balance as reported		**1,000**	**(16,723)**	**(15,723)**
Deficit for the year			(25,074)	(25,074)
Balance as at 01 July 2011		**1,000**	**(41,797)**	**(40,797)**
Changes in net assets				
Deficit for the year as previously reported		-	(3,868)	(3,868)
Prior year adjustments	24		(75,972)	(75,972)
Total changes		-	(79,840)	(79,840)
Balance at 01 July 2012 as restated		**1,000**	**(121,637)**	**(120,637)**
Changes in net assets				
Surplus for the year		-	850,909	850,909
Total changes		-	850,909	850,909
Balance as at 30 June 2013		**1,000**	**729,272**	**730,272**

Cash Flow Statement

	Note	2013 (R)	2012 (R)
Cash flows from operating activities			
Receipts		**25,026,046**	**-**
Transfers and Subsidies		25,000,000	-
Interest, Dividends and Rent on land		26,046	-
Payments		**(7,526,299)**	**(27,808)**
Compensation of Employees and Board Fees		(2,213,043)	-
Goods and Services		(5,313,256)	(27,808)
Net cash flows from operating activities	20	**17,499,747**	**(27,808)**
Cash flows from investing activities		**(1,760,265)**	**-**
Purchase of equipment	22	(1,739,130)	-
Purchase of other intangible assets		(21,135)	-
Net cash flows from investing activities.		**(1,760,265)**	-
Cash flows from financing activities		**97,888**	**27,808**
Loan from shareholders		97,888	27,808
Net increase/(decrease) in cash and cash equivalents		15,837,370	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year	21	**15,837,370**	**-**

TSHWANE ECONOMIC DEVELOPMENT AGENCY SOC Ltd
Annual Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts
Budget prepared on cash basis of accounting

	Original Budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Actual expenditure as a % of final budget
Revenue						
City of Tshwane- Transfers (deferred income recognised)	-	25,000,000	25,000,000	6,994,584	18,005,416	28%
Interest Income	-	-	0	26,046	(26,046)	
Total Revenue	-	**25,000,000**	**25,000,000**	**7,020,630**	**17,979,330**	28%
Expenditure	-					
Employee costs	-	3,086,000	3,086,000	1,602,028	1,483,972	52%
Remuneration of Board Members	-	1,954,000	1,954,000	1,953,900	100	100%
Depreciation and Amortisation	-	-	-	12,218	(12,218)	
General Expenses	-	14,349,007	14,349,007	3,426,438	10,922,569	24%
Capital Expenditure	-	5,610,993	5,610,993	-	5,610,993	0%
Total Expenditure	-	**25,000,000**	**25,000,000**	**6,994,584**	**18,005,416**	**28%**
Deferred Taxation				**824,863**		
(Deficit)/Surplus for the year	-	-	-	**850,909**		

Accounting policies to the Annual Financial Statement

The principal accounting policies applied in the preparation of these Annual Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Basis of Preparation

1.1 Statement of Compliance

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and Municipal Financial Management Act No 56 of 2003.

1.2 Basis of Measurement, Functionality and presentation currency

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand, which is the entity's functional currency.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in Note 1 to the Financial Statements.

Trade receivables and/or loans and receivables
The entity assesses its trade receivables and loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of financial performance, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The entity assesses its trade receivables and loans and receivables for impairment at the end of each reporting period.

In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Each receivable is reviewed individually at year end.

Property, plant and equipment
The entity's management determines the estimated useful lives and residual values of property, plant and equipment. These assessments are made on an annual basis and use historical evidence and current economic factors to estimate the values. Administrative computer equipment, office furniture and equipment, exhibits and motor vehicles are not componentised. These assets do not have significant parts that are considered to have an estimated useful life different to the estimated useful life of the asset as a whole.

Fair value estimation
The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments. The carrying amount of cash and cash equivalents, trade and other receivables and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities.

Impairment testing
The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If the recoverable amount is less than the carrying amount, an impairment loss should be recognised in the statement of financial performance.

Provisions
Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions are included in note 10.

Taxation
Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows
and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the statement of financial position date could be impacted.

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The entity establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile. As the Company assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable surplus will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable surplus together with future tax planning strategies.

Effective interest rate
The entity used the prime interest rate to discount future cash flows.

Allowance for doubtful debts
On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment were initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment were carried at cost less accumulated depreciation and any impairment losses.

Accounting policies to the Annual Financial Statement

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Average useful life**
Furniture and fixtures	5 years
Office equipment	5 years
IT equipment	3 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of entity are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Gains shall not be classified as revenue.

Assets which the agency holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the entity.

1.5 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from TEDA or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the TEDA; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	**Useful life**
Computer software	3 years

Intangible assets are derecognised: when no future economic benefits or service potential are expected from its use or disposal. The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectible.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Financial instruments at fair value comprise financial assets or financial liabilities that are instruments held for trading. A financial instrument is held for trading if:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	**Category**
Receivable from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalent	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from Exchange transaction	Financial liability measured at amortised cost
Provision	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.
Transaction costs are recognised as part of the cost of the instrument. Subsequent to initial recognition these instruments are measured as set out above.

1.6.1 Financial Risk Management

Overview

The entity has exposure to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Interest rate risk.

This note presents information about the entity's exposure to each of the above risks, the entity's objectives, policies and processes for measuring and managing risk, and the entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the entity's risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the entity's risk management policies. The committee reports regularly to the Board of Directors on its activities. The entity's risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the entity's activities. The entity aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the TEDA if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the TEDA's receivables from customers and investment securities.

Potential concentrations of credit risk consist mainly of cash and cash equivalents, as a fairly new entity such risk in this concern is minimal.

Deposits
TEDA limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high quality credit standing as approved by the National Treasury.

The credit qualities of counterparties are also reviewed on a continuous basis by the National Treasury.

Liquidity risk
Liquidity risk is the risk that TEDA will not be able to meet its financial obligations as they fall due.

The entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation.

The entity receives government grants every year based on budget requirements.

Interest rate risk
TEDA adopts a policy of ensuring that the entity's income and operating cash flows are substantially independent of changes in market interest rates, due to the underlying nature of the business. TEDA has no interest bearing assets or liabilities. Accordingly the entity's income and expenses are substantially independent of changes in markets rates of interest. As a result, changes in the market rate of interest have a negligible impact on the financial performance of the entity.

Capital management
The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

1.7 Employee benefits

Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans
Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entities obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit in surplus or deficit when they are due.

Prepaid contributions are recognised as an asset to the extent that a cash refund

Medical benefits
The entity provides medical benefits for its employees through defined contribution plans. The entity has no further payment once contributions have been paid. The contributions are recognised as employee benefit expenses in profit or loss in the periods during which the services are rendered by the employees.

Bonus plans
The entity recognises a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation as a result of services received from the employee and the obligation can be measured reliably.

Leave entitlement
Employee entitlements to Annual leave are recognised when they accrue. An accrual is raised for the estimated liability for Annual leave as a result of services rendered by employees up to the reporting date. The related expense is recognised as employee benefit expenses in profit or loss.

1.8 Income tax

Current tax assets and liabilities
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax assets and liabilities
A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting surplus nor taxable surplus or deficit
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognised to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax deficit can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting surplus nor taxable surplus or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable surplus will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

1.9 Provisions and Contingencies

Provisions are recognised when the entity has a present obligation as a result of a past event, for which it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation. All the provisions of the entity are short-term in nature and thus ignore the effect of discounting.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the on-going activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding agreement.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

Contingent assets and contingent liabilities are not recognised in the financial statements.

1.10 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by total services to be performed.

1.11 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

The transfer from City of Tshwane Metropolitan Municipality is recognised when it is probable that future economic benefits will flow to TEDA and when the amount can be measured reliably. A transfer is recognised as revenue to the extent that there is no further obligation arising from the receipt of transfer payment.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

1.12 Finance Income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in the Statement of Financial Performance, using the effective interest method.

1.13 Unauthorised, Irregular, Fruitless and wasteful expenditure

Unauthorised expenditure is treated as a current asset in the statement of financial position until such expenditure is recovered from a third party or funded from future revenue.

Accounting policies to the Annual Financial Statement

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or not in accordance with a requirement of any applicable legislation, including the Municipal Finance Management Act, the State Tender Board Act, or any regulations made in terms of this act, or any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure is treated as expenditure in the Statement of financial performance after approval per the departmental delegations.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful must be recovered from the responsible official (a debtor account should be raised), or the vote if the responsible official cannot be determined. It is treated as current assets in the statement of financial position until such expenditure is recovered from the responsible official or funded from future voted funds.

1.14 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

Only transactions with related parties not at arm’s length or not in the ordinary course of business are disclosed

1.15 Budget information

Budget information in accordance with GRAP 1 and 24, has been provided in a separate disclosure note to these annual financial statements. General purpose financial reporting by TEDA shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.16 Comparative figures

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP.

The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods.

1.17 Offset

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities, and there is, an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

2. New standards and interpretations

Standards and interpretations issued, but not yet effective

Standard number	Standard name	Effective date (if applicable)
GRAP 18	*Segment Reporting*	*No effective date*
GRAP 20	*Related Party Disclosures final – Original*	*No effective date*
GRAP 105	*Transfer of Functions Between Entities Under Common Control – Original*	*No effective date*
GRAP 106.2	*Transfer of Functions Between Entities Not Under Common Control – Original*	*No effective date*
GRAP 107	*Mergers – Original*	*No effective date*

GRAP 18 Segment Reporting:

The standard requires the identification and aggregation of the operating segments of the entity into reportable segments. For each of the reportable segments identified details of the financial performance and financial position will be disclosed. The precise impact of this on the financial statements of the entity is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting. This standard does not yet have an effective date.

GRAP 20 Related Party Disclosures final – Original:

This Standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This Standard also applies to individual financial statements.

Related party transactions and outstanding balances within an economic entity are to be disclosed in an entity's financial statements. Intra-group related party transactions and outstanding balances are eliminated in the preparation of the consolidated financial statements of the economic entity.

The entity has early adopted the standard and its disclosure requirements, which prompt the entity to make separate disclosures about the major classes of management that they have refer to Note 10 and 11 of the annual financial statements. This standard does not yet have an effective date.

GRAP 105 Transfer of Functions Between Entities Under Common Control - Original:

The standard refers to a transaction or event in which an acquirer can be identified, and that occurs between entities under common control. A transfer of functions between entities under common control is a reorganisation and/or reallocation of functions between entities that are ultimately controlled by the same entity before and after a transfer of functions, and that control is not transitory.

For a transaction or event to occur between entities under common control, the transaction or event needs to be undertaken between entities within the same sphere of government or between entities that are part of the same economic entity. Entities that are ultimately controlled by the same entity before and after the transfer of functions are within the same economic entity.

The extent of non-controlling interests in each of the entities that are involved in a transfer of functions before and after the transfer of functions is not relevant in determining whether the transaction or event involves entities under common control.

Recognition and measurement
Accounting by the acquirer

Accounting policies to the Annual Financial Statement

Para.35 As of the transfer date, the acquirer shall recognise the purchase consideration paid (if any) to the transferor and all the assets acquired and liabilities assumed in a transfer of functions. The assets acquired and liabilities assumed shall be measured at their carrying amounts.

Accounting by the transferor
Para.51 As of the transfer date, the transferor shall derecognise from its financial statements, all the assets transferred and liabilities relinquished in a transfer of functions at their carrying amounts.

This standard does not yet have an effective date and has not adopted the standard for the period.

GRAP 106.2 Transfer of Functions Between Entities Not Under Common Control - Original:
A transfer of functions undertaken between entities not under common control could involve an acquisition or transfer of another entity or the acquisition or transfer of part of another entity.
Para.20 This Standard defines a transfer of functions as the reorganisation and/or there-allocation of functions between entities by transferring functions between entities or into another entity. The transfer of functions must be undertaken between entities not under common control. An acquirer might obtain control of an acquiree in a variety of ways, for example:

(a) by transferring cash, cash equivalents or other assets (including net assets that constitute a function);
(b) by incurring liabilities;
(c) by exchanging residual interests;
(d) by providing more than one type of consideration; or
(e) without transferring consideration, including through a binding arrangement.

Para.21 A transfer of functions between entities not under common control may be structured in a variety of ways, which include but are not limited to:

(a) one or more functions become controlled entities of an acquirer or the net assets of one or more functions are legally acquired or transferred by the acquirer; or
(b) one entity transfers its net assets, or its owners transfer their residual interests, to another entity or its owners.

The precise impact of this on the financial statements of the entity is still being assessed and it has since not been adopted. This standard does not yet have an effective date.

GRAP 107 Mergers – Original

The standard refers to a transaction or event for where no acquirer can be identified. A merger is the establishment of a new combined entity in which none of the former entities obtains control over any other and no acquirer can be identified. Determining whether an acquirer can be identified includes a consideration of, amongst other things, which of the combining entities initiated the transaction or event, the relative size of the combining entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities.

A merger can either involve the combination of two or more entities in which one of the combining entities continues to become the new reporting entity, or a new reporting entity is established from the combining entities. The concept of control and a function is not relevant in a transaction or event that meets the definition of a merger.

This standard does not yet have an effective date and the entity has assessed the impact of the standard for the period and there is none.

3. Cash and Cash Equivalents	2013 (R)	2012 (R)
Cash and cash equivalents consist of the following:		
Cash on hand	2,965	-
Cash at bank	15,834,405	-
	15,837,370	**-**

The entity has a current account with Standard Bank.

4. Prepayments

Prepaid expenses	2,229,732	-
	2,229,732	**-**

Prepaid expenses relates to funds paid in advance to CSIR to secure a venue for hosting Tshwane International Trade and Infrastructure Investment Conference (TITIIC) to be held in 2014.

5. Property, Plant and Equipment

5.1 Reconciliation of Carrying Value

	2013			2012		
	Cost	**Accumulated Depreciation & Impairment**	**Carrying Value**	**Cost**	**Accumulated Depreciation & Impairment**	**Carrying Value**
Motor Vehicles	1,067,708	3,835	1,063,873	-	-	-
Office Equipment	357,064	2,699	354,365	-	-	-
Computer Equipment	419,028	5,561	413,467	-	-	-
Furniture & Fittings	2,797	27	2,770			
Total	**1,846,597**	**12,122**	**1,834,475**	**-**	**-**	**-**

5.2 Reconciliation of Property, Plant and Equipment – 2013

	Carrying Value Opening Balance	**Additions**	**Disposals**	**Transfers**	**Accumulated Depreciation**	**Impairment**	**Revaluation**	**Prior Year Errors**	**Carrying Value Closing Balance**
Motor Vehicles	-	1,067,708	-	-	3,835	-	-	-	1,063,873
Office Equipment	-	357,064	-	-	2,699	-	-	-	354,365
Computer Equipment	-	419,028	-	-	5,561	-	-	-	413,467
Furniture & Fittings	-	2,797	-	-	27	-	-	-	2,770
Total	**-**	**1,846,597**	**-**	**-**	**12,122**	**-**	**-**	**-**	**1,834,475**

6. Intangible Assets

6.1 Reconciliation of Carrying Value

	2013			2012		
	Cost	**Accumulated Amortisation & Impairment**	**Carrying Value**	**Cost**	**Accumulated Amortisation & Impairment**	**Carrying Value**
Computer Software	21,135	96	21,039	-	-	-
Total	**21,135**	**96**	**21,039**	**-**	**-**	**-**

6.2 Reconciliation of Intangible Assets – 2013

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Amortisation	Impairment	Revaluation	Internally Developed	Carrying Value Closing Balance
Computer Software	-	21,135	-	-	96	-	-	-	21,039
Total	**-**	**21,135**	**-**	**-**	**96**	**-**	**-**	**-**	**21,039**

7. Deferred Tax

	2013 (R)	2012 (R)
Deferred tax asset /(liability)		
Prepaid Expense	624,325	-
Provisions	32,666	-
Trade and Other payables	179,441	-
Property, Plant and Equipment	(11,569)	-
	824,863	**-**

Shown in Statement of Financial Position as follows:

7.1 Deferred tax asset	836,432	-
7.2 Deferred tax liability	(11,569)	-
	824,863	**-**

Reconciliation of deferred tax asset/(Liability)

At beginning of the year	-	-
Originating from difference on fixed assets	(11,569)	-
Movement on temporary differences	836,432	-
	824,863	**-**

8. Trade and Other Payables from Exchange Transactions

Trade creditors	149,227	-
Board fees Accrual	92,043	56,979
Employee Cost Accrual	3,259	-
Payable: SARS	1,035,739	18,993
Other creditors	26,374	-
Total creditors	**1,306,642**	**75,972**

9. Loan from shareholders

Opening Balance	44,665	16,857
Payments made by CoT on behalf of TEDA	543,817	27,808
Closing Balance	**588,482**	**44,665**

The loan bears no interest and has no fixed terms of repayment. The entity will be settled the loan during 2013/14 financial year.

10. Current Provisions

Provision for leave pay	116,667	-
Total Provisions	**116,667**	**-**

10.1 Reconciliation of Movement in Provision for leave pay - 2013

Opening Balance		
Provisions Raised	116,667	-
Closing Balance	**116,667**	**-**

Notes to the Annual Financial Statements

	2013 (R)	2012 (R)
11. Deferred Income		
Transfers from City of Tshwane	**18,005,416**	-
Movements during the year		
Balance at the beginning of the year	-	-
Income recognised during the year	25,000,000	-
Balance at the end of the year	(6,994,584)	-
	18,005,416	-
12. Share Capital and equity		
Authorised		
1,000 ordinary shares of R1 each	1,000	1,000
Issued		
Ordinary	**1,000**	**1,000**
13. Interest Earned		
Bank: Current Account	26,046	-
Total interest	**26,046**	-

14. Financial Risk Management

Information about TEDA's exposure to risks, its objectives, policies and processes for measuring and managing such risks are disclosed in the Accounting policies. The quantitative disclosure is provided in this note.

14.1 Credit Risk

Exposure to credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2013 (R)	2012 (R)
Trade and Other Receivables	-	-
Cash and cash Equivalents	15,837,370	-
	15,837,370	-

At 30 June 2013, TEDA did not consider there to be any significant concentration of credit risk that had not been adequately provided for.

No security is held against Cash and Cash Equivalents.

14.2 Liquidity Risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

2013

	Trade and Other Payables
Less than 1 year	1,356,282
Between 1 and 2 years	-
	1,356,282

2012

	Trade and Other Payables
Less than 1 year	75,972
Between 1 and 2 years	-
	75,972

14.3 Fair values

Fair values versus carrying amounts:

	2013		2012	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
Loans and receivables				
- Cash and cash equivalents	15,837,370	15,837,370	-	-
	15,837,370	**15,837,370**	**-**	**-**

15. Employee Related Costs

	2013 (R)	2012 (R)
Employee related costs - Salaries and Wages	1,557,798	-
Employee related costs - Contributions for UIF, pensions and medical aids	44,230	-
Employee Related Costs	**1,602,028**	**-**

Included in the employee costs are following key management personnel:

15.1 Remuneration of the Chief Executive Officer (appointed February 2013)

Remuneration	810,031	-
Contributions to UIF, Medical and Pension Funds	32,379	-
Total	**842,410**	**-**

15.2 Remuneration of the Chief Financial Officer (appointed: March 2013)

Remuneration	399,405	-
Contributions to UIF, Medical and Pension Funds	5,190	-
Total	**404,595**	**-**

16. Remuneration of Board Members

	2013 (R)	2012 (R)
L Vutula (Chairperson)	217,348	5,844
CBB Mahlati	225,476	11,688
CR Mpyane (appointed: June 2013)	11,688	-
FK Sibanda	151,944	5,844
H Gouvelis	184,568	11,688
J Matsho	286,632	11,688
JL Thubakgale (appointed: June 2013)	11,688	-
LD Haskins (appointed: June 2013)	11,688	-
MW.Yates (appointed: June 2013)	11,688	-
N Singh	171,632	11,688
NM Ntsinde	349,852	5,844
RS Bahula- Ermias	319,696	11,688
TCC Dlamini (resigned: September 2012)	-	-
Total Board Members' Remuneration	**1,953 900***	**75,972#**

***** Due to capacity constraints, board members were assigned additional tasks over and above their normal fiduciary duties. The amount disclosed above includes payments made to board members to perform the following tasks:

- Developing the entity's business plan; and
- Facilitating the process of recruiting the CEO, CFO, Company Secretary and Office Administrator.

City of Tshwane Metropolitan Municipality paid the board fees amounting to R309 732.00 relating to 2012/13 financial year. The expenditure has been included above and disclosed as a related party transaction under note 25.

The board fees amounting to R 75, 972 was erroneously omitted in the prior year induct. This amount has been restated to ensure fair presentation. It relates to training of board members which took place in May 2012.These fees have been paid by City of Tshwane in 2013/14 financial year and also disclosed under related party transactions.

17. Depreciation and Amortisation Expense

Motor Vehicles	3,835	-
Office Equipment	2,699	-
Computer Equipment	5,561	-
Furniture & Fittings	27	-
Intangible Assets	96	-
Total Depreciation and Amortisation	**12,218**	**-**

18. General Expenses

	2013 (R)	2012 (R)
Included in general expenses are the following:-		
Advertising	776,518	-
Bank charges	14,676	-
Communication Expenses	3,270	-
Conferences and delegations	753,265	-
Consulting fees	1,318,585	-
Insurance	927	3,868
Legal expenses	24,372	-
Licence fees - vehicles	1,140	-
Printing and stationery	119,870	-
Travel and subsistence - Local	205,293	-
Movement in Other provisions	116,667	-
Other	91,855	-
	3,426,438	**3,868**

19. Taxation

Major components of the tax income

Deferred		
Originating and reversing temporary differences	**824,863**	**-**
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate		
Applicable tax rate	28%	-
Tax effect on permanent differences	28%	-
Tax effect on non-deductible expenses	0%	-
	0%	**-**

No taxation has been provided for as the entity has no taxable income

20. Net cash flow generated by operating activities

Net surplus (Deficit) as per Statement of Comprehensive income		850,909	(79,840)
Adjusted for non-cash items:			
Depreciation and Amortisation of Intangible Assets	17	12,218	-
Movement in Leave Pay Liability	10.1	116,667	-
Net cash flow generated by operating before movements in working capital		**979,794**	**(79,840)**
Movements in working capital			
(Increase) in prepaid expense		(2,229,732)	-
Increase in trade and other payables		1,569,132	52,032
Increase in deferred income		18,005,416	-
Annual charge deferred tax		(824,863)	-

Cash flow generated by operations	**17,499,747**	**(27,808)**

21. Cash and cash equivalents

	2013 (R)	2012 (R)
Cash and cash equivalents included in the cash flow statement comprise the following;		
Cash on hand	2,965	-
Cash on hand and balances with banks	15,834,405	-
	15,837,370	-

22. Purchase of Property, plant and equipment

During the period, the municipal entity acquired property, plant and equipment with an aggregate cost of R 1,739,130 which was acquired by means of funds from City of Tshwane.

23. Budget

The entity was allocated budget of R 25 million during the adjustment period. The funds were transferred to the entity in March 2013. The approved budget covers the period from 01 July 2012 to 30 June 2013. The budget and accounting bases differ. The financial statements are prepared on the accrual basis using a classification on the nature of expenses in the statement of financial performance. The financial statements differ from the budget, which is approved on the cash basis.

A reconciliation between the actual amounts on the comparable basis as presented in the statement of comparison of budget and actual amounts and the actual amounts in the cash flow statement for the period ended 30 June 2013 is presented below. The financial statements and budget documents are prepared for the same period. There is a basis difference: the budget is prepared on a cash basis and the financial statements on the accrual basis.

23.1 Reconciliation of cash flow to Budget and actual comparison statement

2013	Operating	Financing	Investing	Total
Actual as per Budget and Actual comparative statement.	850,909	-	1,867,732	**2,718,641**
Basis Difference	16,648,838	97,888	(3,627,997)	**13,118,729**
Actual amount in the Statement of Cash Flows	**17,499,747**	**97,888**	**(1,760,265)**	**15,837,370**

2012				
Actual as per Budget and Actual comparative statement.	-	-	-	-
Basis Difference	-	-	-	-
Actual amount in the Statement of Cash Flows	-	-	-	-

The overall spending of the entity is 28%. The entity started operating in March 2013. The Chief Executive Officer and Chief Financial Officer were appointed in February and March 2013 respectively. The process of filling other key personnel positions was finalized at the end of the financial year. Activities and projects will be executed during the financial year 2013/14. City of Tshwane has granted the entity an approval to utilise the surplus in order to cater for implementations of plans that were deferred to 2013/14 financial year.

24. Prior year period restatements

An adjustment of 75,972 was processed against the opening retained earnings. The adjustment emanates from board fees that were not recognised at the date of reporting. The impact of the adjustment is as follow:

	2012 (R)
Effect on statement of financial performance	
Increase in board fees expense	75,972
	75,972

Effect on statement of financial position

Increase in Trade and other payables	75,972
Net effect on retained earnings	**75,972**

The impact of the above changes in the restated 2012 balances is as follows:

Statement of Financial position effect

	2012	Change	After Change
Current Liabilities	44,665	75,972	120,637

Statement of Financial Performance effect

	2012	Change	After Change
Expenses:		75,972	75,972

25. Related parties

Controlling municipality:	City of Tshwane Metropolitan Municipality
Municipal entity under the same control:	Housing Company Tshwane
Municipal entity under the same control:	Sandspruit Water Works Association
Compensation to board members and key management	Refer to note 15 & 16

	2013 (R)	2012 (R)
Related party balances:		
Loan accounts - Owing to related parties	-	-
City of Tshwane Metropolitan Municipality	588,482	44,665
Related party transactions:		
Transfer made by the related party		
City of Tshwane Metropolitan Municipality	25,000,000	-
Payment of creditors by related party		
City of Tshwane Metropolitan Municipality	158,113	27,808
Payments of board fees by related party		
City of Tshwane Metropolitan Municipality	385,704*	

***** The amount of R 385,704 for board fees includes R 75,972 that relates to board sittings that took place in 2011/12 financial year.

26. Commitments

	2013 (R)	2012 (R)
Current expenditure		
Approved and contracted	2,098,216	-
Total Commitments	**2,098,216**	-
Commitments less than 1 year	2,098,216	-
Total Commitments	**2,098,216**	-

27. Additional Disclosures in Terms of Municipal Finance Management Act

27.1 PAYE, SDL and UIF

	2013	2012
Opening balance	-	-
Current year payroll deductions	1,035,739	-
Amount paid - current year	-	-
Amount paid - previous years	-	-
Balance unpaid (included in payables)	**1,035,739**	**-**

The balance represents PAYE, SDL and UIF deducted from the payroll as at June 2013. These amounts are not yet paid over to SARS as the entity's registration is not yet finalised.

27.2 Non- compliance with Legislation

MFMA Requirement	Month	Reason for Deviation
Municipal Entity must provide its monthly financial statements to the CoT Section 71 of MFMA	July 2012 to February 2013	TEDA did not have any management and the bank account.
Municipal Entity to submit budget to the CoT within 150 days Section 87 of MFMA	January 2013	TEDA did not have any management and the bank account

Notes to the Annual Financial Statements

28. Irregular Expenditure

Reconciliation of irregular expenditure

Opening balance	-	-
Irregular expenditure current year	1 188 088	-
Condoned or written off	-	-
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	**1,188,088**	**-**

Incident	**Disciplinary steps/criminal proceedings**
Non-compliance with the SCM regulations. Procurement made by CoT in relation to the acquisition of recruitment services to recruit TEDA CEO, CFO, Company Secretary and Office Manager.	None. Subject to investigation.

29. Deviation

Deviation in respect of the service provider listed below was submitted and approved by the relevant authority. This deviation was made in terms of section 36(2) of the Supply Chain Management Regulations, promulgated in terms of the Local Government Municipal Finance Management Act.

Service Provider	**Service Rendered**	**Amount**
Price Waterhouse Coopers	Preparation of 2011/12 AFS	R36 822

30. Contingency Liabilities

Tshwane Economic Development Agency is not aware of any contingent liabilities as at 30 June 2013.